UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

X **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended July 31, 2026

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 000-23255

COPART, INC.

(Exact name of registrant as specified in its charter)

Delaware	**000-23255**	**94-2867490**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

14185 Dallas Parkway	**Suite 300**	**Dallas**	**Texas**	**75254**

(Address of principal executive offices, including zip code)
(972) 391-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.0001	CPRT	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No X

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes X No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Act:

Large accelerated filer	X	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. X

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No X

The aggregate market value of the voting and non-voting Common Stock held by non-affiliates of the registrant as of January 31, 2026 (the last business day of the registrant's most recently completed second fiscal quarter) was $35,722,169,296 based upon the closing sales price reported for such date on the NASDAQ Global Select Market. For purposes of this disclosure, shares of Common Stock held by persons who hold more than 5% of the outstanding shares of Common Stock and shares held by officers and directors of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily conclusive for other purposes.

As of September 25, 2026, 926,330,452 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our definitive Proxy Statement for the 2026 Annual Meeting of Stockholders, also referred to in this Annual Report on Form 10-K as our Proxy Statement, which will be filed with the Securities and Exchange Commission, or SEC, pursuant to Regulation 14A within 120 days after the registrant's fiscal year end of July 31, 2026, have been incorporated by reference in Part III hereof. Except with respect to the information specifically incorporated by reference, the Proxy Statement is not deemed to be filed as a part hereof.

Copart, Inc.
Index to the Annual Report on Form 10-K
For the Fiscal Year Ended July 31, 2026

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PART I

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K for the fiscal year ended July 31, 2026, or this Form 10-K, including the information incorporated by reference herein, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts are statements that could be deemed forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "intend," "forecast," "outlook," "project," "seek," "anticipate," "believe," "estimate," "predict," "potential," "could," "would," "target," "goal," "continue" or the negative of these terms or other comparable terminology. The forward-looking statements contained in this Form 10-K involve known and unknown risks, uncertainties and situations that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These forward-looking statements are made in reliance upon the safe harbor provision of the Private Securities Litigation Reform Act of 1995. These factors include those listed in Part I, Item 1A under the caption entitled "Risk Factors" in this Form 10-K and those discussed elsewhere in this Form 10-K. Unless the context otherwise requires, references in this Form 10-K to "Copart," the "Company," "we," "us," or "our" refer to Copart, Inc. We encourage investors to review these factors carefully together with the other matters referred to herein, as well as in the other documents we file with the Securities and Exchange Commission (the "SEC"). We may from time to time make additional written and oral forward-looking statements, including statements contained in our filings with the SEC. We do not undertake to update any forward-looking statement that may be made from time to time by or on behalf of us.

Although we believe that, based on information currently available to us and our management, the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements.

Item 1. ***Business***

Corporate Information

We were incorporated in California in 1982, became a public company in 1994, and were reincorporated in Delaware in January 2012. Our principal executive offices are located at 14185 Dallas Parkway, Suite 300, Dallas, Texas 75254 and our telephone number is (972) 391-5000. Our website is *www.copart.com.* The contents of our website are not incorporated by reference into this Form 10-K. We provide free of charge, through a link on our website, access to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as amendments to those reports, as soon as reasonably practical after the reports are electronically filed with, or furnished to, the SEC.

Copart®, BID4U®, CI & Design®, DRIVE Auto Auctions™, 1-800 CAR BUYER®, CA$HFORCARS.COM®, COPART & DESIGN®, VB3 & DESIGN®, VB3®, National Powersports Auctions™, NPA™, Purple Wave Auction™, and CrashedToys.com® are trademarks of Copart, Inc. or one of its direct or indirect wholly-owned subsidiaries. This Form 10-K also includes other trademarks of Copart and of other companies.

Overview

We are a leading global provider of online auctions and vehicle remarketing services with operations in the United States ("U.S."), the United Kingdom ("U.K."), Germany, Brazil, Canada, the United Arab Emirates ("U.A.E."), Spain, Finland, Oman, the Republic of Ireland, and Bahrain.

Our goals are to generate sustainable profits for our stockholders, while also providing environmental and social benefits for the world around us. With respect to our environmental stewardship, we believe our business is a critical enabler for the global re-use and recycling of vehicles, parts, and raw materials. We are not responsible for the carbon emissions resulting from new vehicle manufacturing, governmental fuel emissions standards or vehicle use by consumers. Each vehicle that enters our business operations already exists, with whatever fuel technology and efficiency it was designed and built to have, and the substantial carbon emissions associated with the vehicle's manufacture have already occurred. However, upon our receipt of an existing vehicle, we help facilitate the decrease of its total environmental impact by extending its useful life and thereby avoiding the carbon emissions associated with the alternative of new vehicle and auto parts manufacturing. For example, many of the cars we process and remarket are subsequently restored to drivable condition, reducing the new vehicle manufacturing burden the world would otherwise face. Many of our cars are purchased by dismantlers, who recycle and refurbish parts for vehicle repairs, again reducing new and aftermarket parts manufacturing. Finally, some of our vehicles are returned to their raw material inputs through scrapping, thereby reducing the need for further new resource extraction. In each of these cases, our business facilitates the reduction of the carbon and other environmental footprint of the global transportation industry.

Beyond our environmental stewardship, we also support the world's communities in two important ways. First, we believe that we contribute to economic development and well-being by enabling more affordable access to mobility around the world. For example, many of the automobiles sold through our auction platform are purchased for use in developing countries where affordable transportation is a critical enabler of education, health care, and well-being. Secondly, we believe we play an important role in the communities we serve through our response to and management of catastrophic weather events. This includes our investments in equipment and infrastructure which support our overall disaster recovery efforts. For example, we mobilized our people, and engaged with a multitude of service providers to timely retrieve, store, and remarket tens of thousands of flood-damaged vehicles in South Florida in the wake of Hurricanes Helene and Milton in the fall of 2024.

We provide vehicle sellers with a full range of services to process and sell vehicles primarily over the internet through our Virtual Bidding Third Generation internet auction-style sales technology, which we refer to as VB3. Vehicle sellers consist primarily of insurance companies, but also include dealers, individuals, charities, rental car companies, banks, finance companies, and fleet operators. We obtained 79%, 81%, and 81% of the total number of vehicles processed during fiscal 2026, 2025, and 2024, respectively, from insurance company sellers. We sell the vehicles principally to licensed vehicle dismantlers, rebuilders, repair licensees, used vehicle dealers, exporters, and to the general public. The majority of the vehicles sold on behalf of insurance companies are either damaged vehicles deemed a total loss; not economically repairable by the insurance companies; or are recovered stolen vehicles for which an insurance settlement with the vehicle owner has already been made. We offer vehicle sellers a full range of services that help expedite each stage of the vehicle sales process, minimize administrative and processing costs, and maximize the ultimate sales price through the online auction process.

In the U.S., Canada, Brazil, the Republic of Ireland, Finland, the U.A.E., Oman, and Bahrain, we sell vehicles primarily as an agent and derive revenue primarily from auction and auction-related sales transaction fees charged for vehicle remarketing services as well as fees for services subsequent to the auction, such as delivery and storage. In the U.K., Germany, and Spain we operate both as an agent and on a principal basis, in some cases purchasing salvage vehicles outright and reselling the vehicles for our own account. In the U.K., we recognize revenue on a principal basis from selling dismantled parts through Green Parts Specialist ("GPS"). In Germany we also derive revenue from listing vehicles on behalf of insurance companies and insurance experts to determine the vehicle's residual value and/or to facilitate a sale for the insured.

Through our VB3 auction platform, our sales process is open to registered buyers (whom we refer to as "members") anywhere in the world with access to the internet. This technology and model employ a two-step bidding process. The first step is an open preliminary bidding feature that allows members to enter bids over the internet during the preview period. To improve the effectiveness of bidding, the VB3 system lets members see the current high bids on the vehicles they want to purchase. The preliminary bidding step is an open bid format similar to eBay®. Members enter the maximum price they are willing to pay for a vehicle and VB3's BID4U feature incrementally bids on the vehicle on their behalf during all phases of the auction. Preliminary bidding ends at a specified time prior to the start of a second bidding step, an internet-only virtual auction. This second step allows bidders the opportunity to bid against each other and the high preliminary bidder. The bidders enter bids via the internet in real time while BID4U submits bids for the high preliminary bidder up to their maximum bid. When bidding stops, a countdown is initiated. If no bids are received during the countdown, the vehicle sells to the highest bidder.

We believe our virtual auction platform increases the pool of available buyers for each sale, which brings added competition and an increase in the amount that buyers are willing to pay for vehicles. We also believe that it improves the efficiency of our operations by eliminating the expense and capital requirements which would be associated with holding live auctions.

For fiscal 2026, sales of U.S. vehicles, on a unit basis, to International members was 38.2% which represents 45.8% of overall gross transaction per vehicle.

We believe that we offer the highest level of service in the auction and vehicle remarketing industry and have established our leading market position by:

- providing a virtual platform that facilitates seller access to buyers around the world, reducing towing and third-party storage expenses, offering a local presence for vehicle inspection stations, and providing prompt response to catastrophes and natural disasters by specially trained teams;
- providing a comprehensive range of services that includes merchandising, efficient title processing, timely pick-up and delivery of vehicles, and internet sales;
- establishing and efficiently integrating new facilities and acquisitions;
- increasing the number of bidders that can participate at each sale through the ease and convenience of internet bidding; and
- applying technology to enhance operating efficiency through internet bidding, web-based order processing, salvage value quotes, electronic communication with members and sellers, and vehicle imaging.

Historically, we believe our business has grown as a result of (i) acquisitions, (ii) increases in overall volume in the salvage car market, (iii) growth in market share, (iv) increases in the amount of revenue generated per sales transaction resulting from increases in the gross selling price and the addition of value-added services for both members and sellers, and (v) growth in non-insurance company sellers. For fiscal 2026, our revenues were $4.7 billion, and our operating income was $1.7 billion.

In fiscal 2024, we opened three new operational facilities in the U.K., two new operational facility in Spain, one new operational facility in Canada, and four new operational facilities in the U.S.

In fiscal 2025, we opened one new operational facility in the U.K., two new operational facilities in Spain, and three new operational facilities in the U.S.

In fiscal 2026, we opened two new operational facilities in Brazil, and seven new operational facilities in the U.S.

Our service revenues consist of auction and auction-related sales transaction fees charged for vehicle remarketing services. These auction and auction-related services may include a combination of the following: vehicle purchasing fees: vehicle listing fees; vehicle selling fees that can be based on a predetermined percentage of the vehicle sales price, tiered vehicle sales price fees, or at a fixed fee based on the sale of each vehicle regardless of the selling price of the vehicle; transportation fees for the cost of transporting the vehicle to our facility; title processing and preparation fees; vehicle storage fees; bidding fees; and vehicle loading fees. These fees are recognized as net revenue (not gross vehicle selling price) at the time of auction in the amount of such fees charged. Purchased vehicle revenue includes the gross sales price of the vehicles which we have purchased or are otherwise considered to own. We have certain contracts with insurance companies, primarily in the U.K., in which we act as a principal, purchasing vehicles and reselling them for our own account. We also purchase vehicles in the open market, primarily from individuals, and resell them for our own account.

Operating costs consist primarily of: (i) labor (operating personnel at facilities); (ii) transportation (miles traveled and fuel rates); (iii) facilities (maintenance, property-related taxes, rent, and insurance); (iv) other (marketing and auction-related costs); and (v) costs of vehicles sold. General and administrative expenses consist primarily of executive management, accounting, data processing, sales personnel, professional services, marketing expenses, and technology enhancements and maintenance.

Industry Overview

The auction and vehicle remarketing services industry provides a venue for sellers to dispose of or liquidate vehicles to a broad domestic and international buyer pool. Sellers generally auction or sell their vehicles on a consignment basis either for a fixed fee or a percentage of the sales price. Occasionally, companies in our industry purchase vehicles from the largest segment of sellers, insurance companies, and resell the vehicles for their own account. The vehicles are usually purchased at a price based on the vehicles' estimated pre-accident value ("PAV") and the extent of damage. Vehicle remarketers typically operate from multiple facilities where vehicles are processed, viewed, stored and released to the buyer. While companies in this industry remarket vehicles through a physical auction or a hybrid internet and physical auction, we sell virtually all our vehicles on our virtual marketplace platform VB3, thus eliminating the requirement for buyers to travel to an auction location to participate in the sales process.

Although there are other sellers of vehicles, such as dealers, individuals, charities, rental car companies, banks, finance companies, and fleet operators, our primary sellers of vehicles are insurance companies.

The primary buyers of vehicles at our auctions are vehicle dismantlers, rebuilders, repair licensees, used vehicle dealers, exporters, and the general public. Vehicle dismantlers, which we believe are the largest group of vehicle buyers, based on volume of vehicles purchased, either dismantle a salvage vehicle and sell parts individually or sell the entire vehicle to rebuilders, used vehicle dealers, or the general public. Vehicle rebuilders and vehicle repair licensees generally purchase salvage vehicles to repair and resell. Used vehicle dealers generally purchase recovered stolen or slightly damaged vehicles for resale.

Most of our vehicles are sold on behalf of insurance companies and are usually vehicles involved in an accident or a natural disaster. Typically, the damaged vehicle is towed to a storage facility or a vehicle repair facility for temporary storage pending insurance company examination. The vehicle is inspected by the insurance company's adjuster, who estimates the costs of repairing the vehicle and gathers information regarding the damaged vehicle's mileage, options, and condition in order to estimate its PAV. The adjuster determines whether to pay for repairs or to classify the vehicle as a total loss based upon the adjuster's estimate of repair costs, vehicle's salvage value, and the PAV, as well as customer service considerations. If the cost of repair is greater than the PAV less the estimated salvage value, the insurance company generally will classify the vehicle as a total loss. The insurance company will thereafter assign the vehicle to a vehicle auction and remarketing services company, settle with the insured and receive title to the vehicle.

Automobile manufacturers continuously incorporate new standard features, including: unibody construction utilizing exotic metals; passenger safety cages with surrounding crumple zones to absorb impacts; plastic and ceramic components; airbags; adaptive headlights; computer and navigation systems; advanced cameras, including backup camera systems; collision warning systems; dynamic cruise control; lane departure warning systems; automatic braking; blind spot detection systems; and electrification of drivetrains. We believe that one effect of these additional features is that newer vehicles involved in accidents are more costly to repair and, accordingly, more likely to be deemed a total loss for insurance purposes.

We believe the primary factors that insurance companies consider when selecting an auction and vehicle remarketing services company include:

•the anticipated percentage return on salvage (i.e., gross salvage proceeds, minus vehicle handling and selling expenses, divided by the PAV);

•the services provided by the company and the degree to which such services reduce their administrative costs and expenses;

•the price the company charges for its services;

•the ability to respond to natural disasters;

•geographic coverage;

•the ability to provide analytical data to the seller; and

•in the U.K., in certain situations, the actual amount paid for the vehicle.

In the U.K., some insurance companies tender periodic contracts for the purchase of salvaged vehicles. Under these circumstances, insurance companies will generally award the contract to the company that is willing to pay the highest price for the vehicles.

Generally, upon receipt of the pickup order or the assignment, we arrange for the transportation of a vehicle to our nearest facility. As a service to the vehicle seller, we will customarily pay advance charges (reimbursable charges paid on behalf of vehicle sellers) to obtain the vehicle's release from a towing company, vehicle repair facility, or impound facility. Advance charges paid on behalf of the vehicle seller are either recovered upon sale of the vehicle, invoiced separately to the seller, or deducted from the net proceeds due to the seller.

The salvage vehicle is stored at one of our facilities until ownership documents are transferred from the insured vehicle owner and the title to the vehicle is cleared through the appropriate state's motor vehicle regulatory agency ("DMV"). In the U.S., total loss vehicles may be sold in most states only after obtaining a salvage title from the DMV. Upon receipt of the appropriate documentation from the DMV, which is generally received within 45 to 60 days of vehicle pick-up, the vehicle is sold either on behalf of the insurance company or for our own account, depending on the terms of the contract. In the U.K., upon release of interest by the vehicle owner, the insurance company notifies us that the vehicle is available for sale.

Generally, sellers of non-salvage vehicles will arrange to deliver the vehicle to one of our locations, although we may offer transportation services to obtain the vehicle. At that time, the vehicle information will be uploaded to our system and made available for buyers to review online. The vehicle is then sold at auction on VB3 typically within seven days. Proceeds are then collected from the member, typically seller fees are subtracted, and the remainder is remitted to the seller.

Operating and Growth Strategy

Our growth strategy is to increase revenues and profitability by, among other things, (i) expanding our insurance vehicle remarketing business internationally; (ii) increasing our whole-car vehicle volumes and related services; (iii) developing and providing technology-enabled services to our vehicle sellers, buyers, and other customers. We intend to pursue these strategies through both organic growth, primarily within our core insurance business, and inorganically through the development or acquisition of complementary businesses and facilities. To implement these strategies, we intend to continue to do the following:

Expand Our International Insurance Business

Our strategy is to grow our insurance vehicle remarketing business internationally by leveraging our existing operating capabilities, technology platforms, global buyer network, and relationships with insurance companies. We may pursue this growth through the development or acquisition of facilities, entry into new markets, expansion of existing operations, and the establishment of additional relationships with global, national, and regional insurance companies.

Increase Whole-Car Volumes and Services in the United States

Our strategy is to grow our whole-car business by expanding relationships with vehicle sellers and developing services that support the remarketing of vehicles through wholesale channels. We seek to use our national operating footprint, marketplace technology, transportation capabilities, global buyer network, and vehicle-processing expertise to provide sellers with efficient and transparent disposition alternatives. To accomplish this strategy, it may include expanding services available to dealers, manufacturers, financial institutions, rental and fleet companies, and other vehicle sellers, and using technology to improve vehicle information, bidding, transaction processing, transportation coordination, and post-sale services. We also expect to evaluate opportunities to leverage our existing facilities and infrastructure to support additional whole-car volumes and related services. For example, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with ACV Auctions Inc., a Delaware corporation ("ACV"), and Apple Merger Sub, Inc., a Delaware corporation and our wholly owned subsidiary ("Merger Sub") to acquire all of ACV's outstanding shares of common stock for $10.50 per share, net to the seller in cash, without interest, subject to any required withholding of taxes, and we expect to complete such acquisition by the end of the calendar year .

Develop Technology Services for Our Customers

Our strategy is to grow our technology services that improve the vehicle remarketing process for sellers, buyers, and other customers. These may include tools that provide real-time access to inventory, vehicle condition and sales data; facilitate digital vehicle assignment and claims processing; support transportation and title-related workflows; integrate seller systems with our platforms; improve pricing and valuation information; and provide reporting and analytics to assist customers in managing their vehicle portfolios.

Our Competitive Advantages

We believe that the following attributes and the services that we offer position us to take advantage of many opportunities in the online vehicle auction and services industry:

Geographic Coverage and Ability to Respond on a Global Scale

Since our inception in 1982, we have expanded from a single facility in Vallejo, California to an integrated network of facilities located in the U.S., Canada, the U.K., Brazil, the Republic of Ireland, Germany, Finland, the U.A.E., Oman, Bahrain, and Spain. In Germany, we also derive revenue from listing vehicles on behalf of insurance companies and insurance experts to determine the vehicle's residual value and/or to facilitate a sale for the insured. We offer integrated services to our vehicle sellers, which allow us to respond to the needs of our sellers and members with maximum efficiency. Our coverage provides our sellers with key advantages, including:

•attractiveness and efficiency to buyers, leading to enhanced selling prices for vehicles;

•a reduction in administrative time and effort;

•a reduction in overall vehicle transportation costs;

•convenient local facilities;

•improved access to buyers throughout the world;

•a prompt response in the event of a natural disaster or other catastrophe; and

•consistency in products and services.

Value-Added Services

We believe that we offer the most comprehensive range of services in our industry, including:

•internet bidding, internet proxy bidding, and virtual sales powered by VB3, which enhance the competitive bidding process;

•mobile applications, which allow members to search, bid, create watch lists, join auctions, and bid in numerous languages from anywhere;

•a tailored experience by way of predictive analytics through collaborative filtering, such as the Recommendations Engine feature that suggests similar makes and models based on a member's behavior;

•Buy It Now, which provides an option to our members to purchase specific pre-qualified vehicles immediately at a set price before the live auction process;

•Make An Offer, which provides an option to our members to submit an offer amount on certain selected vehicles and if the offer is accepted, purchase the vehicle before the live auction process;

•online payment capabilities via our ePay product, credit cards, and third-party financing programs;

•email and text notifications available in numerous languages to potential buyers of vehicles that match desired characteristics;

•sophisticated vehicle processing at storage sites, including digital imaging of each vehicle and the scanning of each vehicle's title and other significant documents such as body shop invoices, all of which are available from us over the internet;

•expedited process to assess total loss through our Total Loss Express 360 and Co.ai tools;

•title procurement and loan payoff services offered through Title Express;

•specialty sales, which allow buyers the opportunity to focus on such select types of vehicles as motorcycles, heavy equipment, boats, recreational vehicles, and rental cars;

•interactive online counter-bidding, which allows sellers who have placed a minimum bid or a bid to be approved on a vehicle to directly counter-bid the current high bidder; and

•Night Cap sales, which provides an additional opportunity for bidding on vehicles that have not previously achieved their minimum bid.

Proven Ability to Acquire and Integrate Acquisitions

We have a proven track record of successfully acquiring and integrating facilities and companies. Since becoming a public company in 1994, we have completed acquisitions of facilities in the U.S., Canada, the U.K., Brazil, the U.A.E., Germany, Finland, and Spain. As part of our acquisition and integration strategy, we seek to:

•expand our global presence;

•strengthen our networks and access new markets;

•utilize our existing corporate and technology infrastructure over a larger base of operations; and

•introduce our comprehensive services and operational expertise.

We strive to integrate all new facilities and companies, when appropriate, into our existing network without disruption of service to vehicle sellers. We typically retain existing employees at acquired facilities in order to retain knowledge about, and respond to, the local market.

Technology to Enhance and Expand Our Business

We have developed management information and proprietary software systems that allow us to deliver a fully integrated service offering. Our proprietary software programs provide vehicle sellers with online access to data and reports regarding their vehicles being processed at any of our facilities. This technology allows vehicle sellers to monitor each stage of our vehicle sales process, from pick up to sale and settlement by the buyer. Our full range of internet services allows us to expedite each stage of the vehicle sales process and helps to minimize the administrative and processing costs for us, as well as our sellers. We believe that our integrated technology systems generate improved capacity and financial returns for our clients, resulting in high client retention, and allow us to expand our national supply contracts.

Our Business Segments

Our U.S. and International regions are considered two separate operating segments and are disclosed as two reportable segments. The segments represent geographic areas and reflect how the chief operating decision maker, or "CODM", the

Company's Chief Executive Officer, allocates resources and measures results. The Company's CODM evaluates the performance of its reportable segments and allocates resources based on segment Operating Income. This measure is used to assess profitability, guide decisions regarding capital investment, and evaluate the performance of segment leadership. For the year ended July 31, 2026, we generated 81.6 % of our revenue in our U.S. segment and 18.4 % in our international segment. Geographic information as well as comparative segment revenues and related financial information pertaining to the U.S. and International segments for the years ended July 31, 2026, 2025 and 2024 are presented in the tables in *NOTE 14 — Segments and Other Geographic Reporting*, to the Notes to Consolidated Financial Statements, which are included elsewhere in this Form 10-K.

Our Service Offerings

We offer vehicle sellers a full range of vehicle services, which expedite each stage of the vehicle sales process, helping to maximize proceeds and minimize costs. Not all service offerings are available in all markets. Additionally, in some cases a service offering may be applicable only to a particular subsidiary or operating segment. Our service offerings include the following:

Online Seller Access

Copart Access, our proprietary internet-based service for vehicle sellers, provides a comprehensive suite of tools designed to maximize efficiency and transparency throughout the sales process. This platform empowers sellers to seamlessly manage their inventory by assigning vehicles for sale, monitoring sales calendars, and accessing detailed vehicle information, including high-resolution images and historical data. Furthermore, Copart Access streamlines critical administrative functions such as viewing and reprinting body shop invoices and towing receipts, proactively managing the title procurement process, and optimizing total loss determination and management and the handling of unrelated/undisclosed damage. The platform also provides sellers with valuable insights into the historical performance of vehicles sold through our auctions, enabling data-driven decision-making and improved returns.

Salvage Estimation Services

We offer Co.ai, a proprietary suite of total loss determination and valuation tools that leverage machine learning and computer vision to assist sellers in the vehicle claims evaluation process by providing online salvage value estimates, which helps sellers determine whether to repair a vehicle or deem it a total loss.

IntelliSeller

We offer IntelliSeller, an automated tool leveraging our vast and detailed vehicle and sales data to assist our sellers in making vital auction decisions. Using machine learning, IntelliSeller optimizes the utilization of our vehicle and sales data to determine when to establish minimum bid values and suggest when to re-auction a unit to ensure optimal returns while minimizing cycle time.

Estimating Services

We offer vehicle sellers in the U.K. estimating services for vehicles taken to our facilities. Estimating services provide our insurance company sellers repair estimates, which allow the insurance company to determine if the vehicle is a total loss vehicle. If the vehicle is determined to be a total loss, it is generally assigned to us to sell.

End-of-Life Vehicle Processing

In the U.K., we are an authorized treatment facility for the disposal of end-of-life vehicles.

Transportation Services

In the U.S. segment, we perform transportation services through a combination of third-party vehicle transport companies and our fleet. We maintain contracts with third-party vehicle transport companies, which enable us to pick up most of our sellers' vehicles within 24 hours. Our national network and transportation capabilities provide cost and time savings to our vehicle sellers and offer timely vehicle pick up and prompt response to catastrophes and natural disasters in the U.S. In the International segment, we perform transportation services through a combination of our fleet and third-party vehicle transport companies. Our international network and transportation capabilities provide cost and time savings to our vehicle sellers throughout the U.K., Europe, Canada, Brazil and Middle East market.

Vehicle Inspection Stations

We offer some of our major insurance company sellers office and facility space to house vehicle inspection stations on-site at our facilities. We have over 100 vehicle inspection stations at our facilities. An on-site vehicle inspection station provides our insurance company sellers with a central location to inspect potential total loss vehicles, which reduces storage charges that otherwise may be incurred at the initial storage or repair facility.

On-Demand Reporting

We provide vehicle sellers with real time data for vehicles that we process for the seller. This includes vehicle sellers' gross and net returns on each vehicle, service charges, and other data that enable our vehicle sellers to more easily administer and monitor the vehicle disposition process. In addition, we have developed a database containing over 300 fields of real-time and historical information accessible by our sellers allowing for their generation of custom ad hoc reports and customer specific analysis.

Title Processing

We have extensive expertise in DMV document and title processing. We have developed a computer system which provides a direct link to the DMV computer systems of multiple states, allowing us to expedite the processing of vehicle title paperwork.

Title Express

We also facilitate the title transfer from the original owner or financial institutions on behalf of some of our sellers to streamline the documentation and vehicle auction process.

Loan Payoff

We can obtain up-to-date loan payoff information electronically from hundreds of automotive lenders, including the remaining balance due and per diem on a vehicle loan, to expedite the loan payoff and title transfer process. We also coordinate loan payoff remittances on behalf of our sellers.

Flexible Vehicle Processing Programs

At the election of the seller, we sell vehicles pursuant to our Consignment Program, Percentage Incentive Program ("PIP"), or Purchase Program. Under each program we may provide merchandising services such as covering or taping openings to protect vehicle interiors from weather, washing vehicle exteriors, vacuuming vehicle interiors, cleaning and polishing dashboards and tires, making keys for drivable vehicles, and identifying drivable vehicles. We believe our merchandising efforts increase the sales prices of the vehicles, thereby increasing the return on vehicles to both vehicle sellers and us.

Consignment Program. Under our Consignment Program, we sell vehicles for a fixed consignment fee. Although sometimes included in the consignment fee, we may also charge additional fees for the cost of transporting the vehicle to our nearest facility, storage of the vehicle, and other incidental costs.

Percentage Incentive Program. Under PIP, we agree to sell all of the vehicles of a seller in a specified market, usually for a predetermined percentage of the vehicle sales price. Because our revenues under PIP are directly linked to the vehicle's sale price, we have an incentive to actively merchandise those vehicles to maximize the net return. We provide the vehicle seller, at our expense, with transportation of the vehicle to our nearest facility.

Purchase Program. Under the Purchase Program, we purchase vehicles from a vehicle seller at a formula price, based on a percentage of the vehicles' estimated PAV, and sell the vehicles for our own account. Currently, the purchase program is offered primarily in the U.K.

Buy It Now, Make An Offer

We offer an option to our members to purchase specific pre-qualified vehicles immediately at a set price before the live auction process. This enables us to provide a fast, easy, transparent and comprehensive buying option on these pre-qualified vehicles. Additionally, members have the option of submitting an offer amount on certain selected vehicles. If an offer is accepted, the member can purchase the vehicle before the live auction process.

Sales Process

We offer a flexible and unique sales process designed to maximize the sale prices of the vehicles utilizing VB3. VB3 opens our sales process to members and the general public to view auctions via our website and our mobile application anywhere in the world where internet access is available. The VB3 technology and model employs a two-step bidding process. The first step is an open preliminary bidding feature that allows a member to enter bids over the internet during the preview days. To improve the effectiveness of bidding, the VB3 system lets a member see the current high bid on the vehicle they want to purchase. The preliminary bidding step is an open bid format similar to eBay®. Members enter the maximum price they are willing to pay for a vehicle and VB3's BID4U feature will incrementally bid the vehicle on their behalf during all steps of the auction. Preliminary bidding ends at a specified time prior to the start of a second bidding step, an internet-only virtual auction. This second step allows bidders the opportunity to bid against each other and the highest preliminary bidder. The bidders enter bids via the internet in real time, and then BID4U submits bids for the highest preliminary bidder, up to their maximum bid. When bidding stops, a countdown is initiated. If no bids are received during the countdown or any extensions, the vehicle sells to the highest bidder.

BluCar

We provide financial institutions, fleet and rental car companies with an efficient method to sell their vehicles. We have a dedicated team of employees that support the processing of BluCar vehicles which includes market specific services such as asset recovery, comprehensive condition reports and arbitration.

Copart Dealer Services

We provide franchise and independent dealers with a convenient method to sell their trade-ins through any of our facilities. We have a dedicated team of employees in the U.S. that target these dealers and work with them throughout the sales process.

Cash For Cars

We provide the general public with a fast and convenient method to sell their vehicles. Anyone can go to CashForCars.com; CashForCars.ca; CashForCars.de, CashForCars.co.uk, or Cash-for-cars.ie and arrange to obtain a valid offer to purchase their vehicle. Upon acceptance of our offer to purchase their vehicle, we provide them payment for their vehicle and then sell the vehicle on our own behalf.

National Powersport Auctions

In the U.S., we provide wholesale powersport vehicle remarketing services through live and online auction platforms to dealers, financial institutions and Original Equipment Manufacturers through our subsidiary National Powersport Auctions ("NPA"). Powersports include for example motorcycles, recreational vehicles, boats and RVs. NPA also offers comprehensive data services including the NPA Value Guide™, which we believe is the industry's most accurate wholesale valuation tool. NPA corporate offices are located in San Diego, California; and they operate from locations throughout the United States.

Purple Wave Inc.

In the U.S., through our majority ownership of Purple Wave Inc. ("Purple Wave") we provide wholesale construction, agriculture, and fleet remarketing services through no-reserve online auctions at www.purplewave.com, selling such items directly from the sellers location. Purple Wave Inc. offers a range of services including appraisals, listings, marketing, and post auction shipping. The Purple Wave corporate office is located in Manhattan, Kansas.

Copart Recycling

In the U.K., we have two facilities for U-Pull It from which the public can purchase parts from salvaged and end-of-life vehicles. In general, the buyer is responsible for detaching the parts from the vehicle and any associated hauling or transportation of the parts after detachment. After the valuable parts have been removed by the buyer, the remaining parts and car body are sold for their scrap value. We also operate GPS which dismantles vehicles and sells used parts.

Copart 360

We pioneered posting vehicle images online for buyers in 2001, and we have been improving the technology to provide top quality photos since then. In July 2020, we enhanced online images and videos by launching Copart 360 ("C360"), our proprietary technology that captures clear 360-degree views of interiors and exteriors of cars, trucks, and vans across U.S. Copart locations. This capability was expanded to the U.K. in fiscal 2021. Interested buyers can view everything from the

backseat to the dashboard to the tires by clicking the 360° icon under vehicle images on select lot details pages on Copart.com. Buyers can also zoom in and out or expand to full screen on computers or mobile devices.

Membership Tiers

We now offer three tiers of membership: Guest, Basic, and Premier, except for Copart U.K. where we offer only Guest, and Basic.

Guest Member Benefits

Guest members can sign up for free to add their favorite vehicles to their Watchlist, set up Vehicle Alerts to get notified when we add specific vehicles they're looking for and view our inventory from their desktop computer or mobile device via our mobile application.

Basic Member Benefits

Basic member benefits include:

•view multiple online auctions in real-time (live);

•bid on one vehicle at a time without a deposit, or up to five with a deposit;

•save favorite searches; and

•get access to member appreciation events.

Premier Member Benefits

Premier member benefits include all basic member benefits, as well as, the following:

•bid on multiple vehicles at the same time;

•get priority placement in phone and chat support;

•access the Virtual Queue which provides expedited service at our locations; and

•get a complimentary safety vest (one per membership year) and water bottle at our locations.

Sales

We process vehicles from hundreds of different vehicle sellers. No single customer accounted for more than 10% of our consolidated revenues for fiscal 2026, 2025, or 2024 and our business does not depend on any particular customer to remain profitable. We obtained 79%, 81%, and 81% of the total number of vehicles processed during fiscal 2026, 2025, or 2024, respectively, from insurance company sellers.

We typically contract with the national, regional or branch office of an insurance company, fleet, financial institutions, and rental car companies and other vehicle sellers. The agreements are customized to each vehicle seller's needs and often provide for the disposition of different types of vehicles by differing methods. Our arrangements generally provide that we will sell vehicles generated by the vehicle seller in a designated geographic area.

We market our services to vehicle sellers through an in-house sales force that utilizes a variety of sales techniques, including personal sales calls, internet search engines, employee referrals, tow shop referrals, and participation in trade shows and vehicle and insurance industry conventions, targeted mailing of our sales literature, and telemarketing. We market our services to franchise and independent dealerships, as well as the general public. We may, when appropriate, provide vehicle sellers with detailed analysis of the net return on vehicles and a proposal setting forth ways in which we believe that we can improve net returns on vehicles and reduce administrative costs and expenses.

During our last three fiscal years, most of our revenue was generated within the U.S. and a majority of our long-lived assets are located within the U.S. Please see *NOTE 14 — Segments and Other Geographic Reporting* in our Notes to Consolidated Financial Statements for information regarding the geographic location of our sales and our long-lived assets.

Members

We maintain a database of approximately 1 million registered members ("buyers") in the vehicle dismantling and recycling, rebuilding, used vehicle dealer and export industries, as well as members that are a part of the general public, where applicable. We believe that we have established a broad international and domestic buyer base by providing members with a variety of programs and services. To become a registered member, a person or business must complete a basic application either online or through our mobile application. Before any member may purchase a vehicle, they must provide copies of current government issued photo identification. Additionally, business members must provide current business information, including copies of licenses, which may include vehicle dismantler, dealer, resale, repair or export licenses, and as needed, completed sales tax exemption certificates. Registration entitles a member to transact business at any of our auctions, subject to local licensing and permitting requirements. We may sell to the general public either directly or members may purchase a vehicle offered at Copart through a registered broker who meets local licensing and permitting requirements. Strict admission procedures are intended to prevent frivolous bids that will not result in a completed sale. We market to members online and via email notifications, sales notices, telemarketing, direct mail, in-location marketing, search engines, social media, radio, television, trade publications, and participation in trade show events.

Competition

We face significant competition from other remarketers of both salvage and non-salvage vehicles. Against these other vehicle remarketers, we face competition for long-term contractual commitments and various supply agreements with sellers, in addition to competition for the acquisition of vehicle storage facilities. We believe our principal competitors include vehicle auction and sales companies and vehicle dismantlers. These national, regional, and local competitors may have established relationships with vehicle sellers and buyers and may have financial resources that are greater than ours. The largest national or regional vehicle auctioneers in the U.S. include RB Global (including its subsidiary Insurance Auto Auctions, Inc.), Carvana, Openlane, Manheim, Inc. and ACV Auctions Inc. The largest national dismantler in the U.S. is LKQ Corporation ("LKQ"). LKQ, in addition to trade groups of dismantlers such as the American Recycling Association, United Recyclers Group LLC and other regional and local dismantlers, may purchase salvage vehicles directly from insurance companies, thereby bypassing vehicle remarketing companies like Copart entirely. In our International markets, our principal competitors are vehicle auction and sales companies, vehicle dismantlers, and privately-held independent remarketers.

Management Information Systems

Our primary management information system runs on a platform called G2, an integrated mesh of proprietary, distributed systems that is based on services architecture and open standards. A portion of the functionality still resides in the legacy system called CAS.

Employees from various facilities, support centers and offices around the world access the G2 platform to perform various activities like taking pictures, receiving of inventory vehicles, processing titles, accepting payments, etc. Members access the G2 Platform to search for, view, bid and pay for the vehicles. Sellers integrate their systems with Copart's G2 Platform via B2B Application Programming Interface "APIs". They also access G2 to assign vehicles, monitor the progression of a vehicle through the lot processing lifecycle, approve charges or bids and make and receive payments.

We have invested in multiple co-located data centers around the world and multiple cloud platforms to create a hybrid infrastructure that provides redundancy and is designed to run continuously, even in the event of an emergency. All our facilities, offices and employees connect to our servers through the internet using publicly available multiple networks, designed to provide redundancy.

Employees and Human Capital

Our ability to build long-term value depends on our ability to attract, retain, develop, and motivate talented personnel at all levels within our global enterprise. Our employees are our greatest asset. Our goal is to create a strong culture built upon our foundational core values: act with integrity; be an owner; challenge the norm; get results; and celebrate our people. We have a diverse, multi-cultural workforce and we celebrate our diversity by promoting inclusion across our global organization.

As of July 31, 2026, we had approximately 11,900 full and part-time employees, of which approximately 62% were located in the U.S. and 38% were located within our International segment.

Of the approximately 7,400 full and part-time employees based in the U.S, approximately 53% of them identify as male, 46% as female, and 1% are undisclosed. We also believe our U.S. workforce is ethnically diverse. As of July 31, 2026, our U.S. workforce consisted of approximately 46% individuals identifying as White, 6% as Hispanic or Latino, 14% as Black or African American, 6% as Asian, 3% as two or more races and 25% as other or as not disclosed.

Additionally, of the approximately 1,300 employees serving in the U.S. in management roles and above, up to and including executives, 62% identify as male and 38% identify as female.

Of the approximately 4,600 employees based within the International segment, approximately 63% of them identify as male and 37% as female. We also believe our International workforce is ethnically diverse. As of July 31, 2026, our International workforce consisted of approximately 43% individuals identifying as White, 41% as Asian, 2% as Black or African, 3% as Hispanic or Latino, 3% as two or more races, 8% as other or as not disclosed.

Additionally, of the approximately 400 employees serving Internationally in management roles and above, up to and including executives, 70% identify as male and 30% identify as female.

Our executive leadership team reflects our commitment to inclusion. As of July 31, 2026, among our three named executive officers (NEOs), our chief financial officer is a woman. Within our broader executive management team, comprised of 11 executives with "chief" designations, two c-level executives were women and four were ethnically diverse.

At Copart, our human resources function known as Human Resources, plays a vital role in creating a supportive and productive work environment for all employees. Our Human Resources department is dedicated to fostering a culture of growth, collaboration, and employee well-being with a "people first" mindset. We understand that our people are our most valuable asset, and our Human Resources team is committed to providing comprehensive support across various aspects of the employee employment.

We identify and attract top talent that aligns with our values and objectives. We carefully manage the recruitment process, from drafting job descriptions and posting vacancies to conducting interviews and making hiring decisions. We leverage online search tools, recruiting firms, employee referral programs and university recruiting. We offer a combination of competitive salaries, equity incentives, and bonus plans.

Our Employee Development and Training Department plays a crucial role in driving organizational growth by equipping our employees with the skills and knowledge they need to succeed. This department designs and delivers comprehensive training from compliance to leadership development. By aligning training initiatives with corporate goals, the team ensures that employees are not only well-prepared to meet current job demands but are also future-ready. Through a blend of in-person sessions and virtual learning opportunities, the Training Department supports and promotes a culture of excellence, innovation, and career progression across the organization.

Our executive compensation structure aligns incentives with our company's strategic growth objectives, including long-term share price appreciation. In that regard, our executive compensation programs place greater weighting on equity compensation than other forms of compensation offered to all employees. For more details regarding our executive compensation, refer to information incorporated by reference from the information set forth under the captions "Executive Compensation" and "Compensation Discussion and Analysis" in our proxy statement.

Once a new team member joins us, our Human Resources department works to provide for a seamless onboarding process, helping them integrate into our culture and hit the ground running.

The Human Resources team oversees performance management processes that help employees understand their goals and expectations. We facilitate regular performance discussions, feedback sessions, and goal setting to ensure alignment with our corporate objectives, driving a clear path to advancement.

We prioritize the well-being and satisfaction of our employees. We organize various engagement initiatives, including team-building events, wellness programs, and recognition efforts to celebrate achievements and milestones. We are dedicated to maintaining a positive and inclusive work environment where every employee feels valued and supported.

We provide comprehensive, benefits and compensation packages, ensuring that they remain competitive within the industry. We address inquiries about benefits, such as healthcare, retirement plans, and other rewards, to guarantee that our employees have access to the resources they need for a fulfilling work-life balance. Copart pays a sizable portion of the benefit premiums related to healthcare. Copart's benefit plans are designed around health, financial security, life and education. These include a variety of medical plans, dental and vision coverage, and wellness programs in addition to external support networks.

Environmental Matters

Our operations are subject to international, federal, provincial, state and local laws and regulations regarding the protection of the environment in the countries in which we have storage facilities. In some cases, we may acquire land with existing environmental issues, including landfills as an example. In the salvage vehicle remarketing industry, large numbers of wrecked vehicles are stored at storage facilities, requiring us to actively monitor and manage potential environmental impacts. In the U.K., we provide vehicle de-pollution and crushing services for end-of-life vehicles. We could incur substantial expenditures for preventative, investigative, or remedial action and could be exposed to liability arising from our operations, contamination by previous users of certain of our acquired facilities or facilities which we may acquire in the future, or the disposal of our waste at off-site locations. In addition to conducting environmental diligence on new site acquisitions, we also take such appropriate actions as may be necessary to avoid liability for activities of prior owners, and we have from time to time acquired insurance with respect to acquired facilities with known environmental risks. There can be no assurances, however, that these efforts to mitigate environmental risk will prove sufficient if we were to face material liabilities. We have incurred expenses for environmental remediation in the past, and environmental laws and regulations could become more stringent over time. There can be no assurance that we or our operations will not be subject to significant costs in the future or that environmental enforcement agencies at the state and federal level will not pursue enforcement actions against us. In addition to acquiring insurance in connection with certain acquisitions, we have also obtained indemnification for pre-existing environmental liabilities from many of the persons and entities from whom we have acquired facilities, but there can be no assurance that such indemnifications will be available or sufficient. In addition, increased focus by the U.S. and other governmental authorities on climate change and other environmental matters may lead to enhanced regulation in these areas, which could also result in increased compliance costs and subject us to additional potential liabilities. The extent of these costs and risks is difficult to predict and will depend in large part on the extent of new regulations and the ways in which those regulations are enforced. Any such expenditures or liabilities could have a material adverse effect on our consolidated results of operations, financial position, or cash flows.

Governmental Regulations

Our operations are subject to regulation, supervision and licensing under various international, federal, provincial, state, and local statutes, ordinances and regulations that may impact our capital expenditures, earnings, and competitive position. The acquisition and sale of vehicles is regulated by various state, provincial and foreign motor vehicle departments, and the steps required to process vehicle titles is a significant cost of our business. Our know-how in the area of title processing is a competitive advantage. In addition to the regulation of sales and acquisitions of vehicles, we are also subject to various local zoning requirements with regard to the location of our storage facilities, which generally make it more challenging and expensive to identify, acquire and develop new facilities. These zoning requirements vary from location to location. At various times, we may be involved in disputes with governmental officials regarding the development and/or operation of our business facilities. We may be subject to similar types of regulations by international, federal, provincial, state, and local governmental agencies in new markets.

Intellectual Property and Proprietary Rights

In 2008, we obtained a patent issued by the United States Patent and Trademark Office that covers certain aspects of our virtual bidding auction platform, VB3. Generally, patents issued in the U.S. are effective for 20 years from the earliest asserted filing date of the patent application. The duration of foreign patents varies in accordance with the provisions of applicable local law.

We also rely on a combination of trade secret, copyright, and trademark laws, as well as contractual agreements to safeguard our proprietary rights in technology and products. In seeking to limit access to sensitive information to the greatest practical extent, we routinely enter into confidentiality and assignment of invention agreements with certain of our employees and consultants and nondisclosure agreements with our key customers and vendors.

Seasonality

Historically, our consolidated results of operations have been subject to quarterly variations based on a variety of factors, of which the primary influence is the seasonal change in weather patterns. During the winter months, we tend to have higher demand for our services because there are more weather-related accidents. Severe weather events, including but not limited to tornadoes, floods, hurricanes, and hailstorms, can also impact our volumes.

Item 1A. ***Risk Factors***

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below before making an investment decision. Our business could be harmed if any of these risks, as well as other risks not currently known to us or that we currently deem immaterial, materialize. The trading price of our common stock could decline due to the occurrence of any of these risks, and you may lose all or part of your investment. In assessing the risks described below, you should also refer to the other information contained in this Form 10-K, including our consolidated financial statements and the related notes and schedules, and other filings with the SEC.

Risks Related to Our Business and Industry

We depend on a limited number of major vehicle sellers for a substantial portion of our revenues. The loss of one or more of these major sellers could adversely affect our consolidated results of operations and financial position, and an inability to increase our sources of vehicle supply could adversely affect our growth rates.

Although no single customer accounted for more than 10% of our consolidated revenues for fiscal 2026, 2025, or 2024, a limited number of vehicle sellers historically have collectively accounted for a substantial portion of our revenues. Certain of our arrangements with vehicle sellers are non-exclusive and may be terminated or modified by the seller on limited notice or without cause, in each case subject to the terms of the applicable agreement. Vehicle sellers have terminated agreements with us in the past in particular markets, which has affected revenues in those markets. There can be no assurance that our existing agreements will not be canceled. Furthermore, there can be no assurance that we will be able to enter into future agreements with vehicle sellers or that we will be able to retain our existing supply of salvage vehicles. A reduction in vehicles from a significant vehicle seller or any material changes in the terms of an arrangement with a significant vehicle seller could have a material adverse effect on our consolidated results of operations and financial position. In addition, a failure to increase our sources of vehicle supply could adversely affect our earnings and revenue growth rates.

Our expansion into markets outside the U.S., including expansions in the U.K., Canada, Europe, Brazil, and the Middle East expose us to risks arising from operating in international markets. Any failure to successfully integrate businesses acquired or operational capabilities established outside the U.S. could have an adverse effect on our consolidated results of operations, financial position, or cash flows.

We first expanded our operations outside the U.S. in fiscal 2003 with an acquisition in Canada. Subsequently, in fiscal 2007 and fiscal 2008 we made significant acquisitions in the U.K., followed by acquisitions in the U.A.E., Brazil, Germany, and Spain in fiscal 2013, expansions into Bahrain and Oman in fiscal 2015, expansion into the Republic of Ireland and India in fiscal 2016, an acquisition in Finland in fiscal 2018, and an acquisition of a parts recycler in the U.K. in fiscal 2022. We continue to evaluate acquisitions and other opportunities outside of the U.S. Acquisitions or other strategies to expand our operations outside of the U.S. pose substantial risks and uncertainties that could have an adverse effect on our future operating results. In particular, we may not be successful in realizing anticipated synergies from these acquisitions, or we may experience unanticipated costs or expenses integrating the acquired operations into our existing business. We have and may continue to incur substantial expenses establishing new facilities and operations, acquiring buyers and sellers, and implementing shared services capabilities in international markets. Among other things, we plan to ultimately deploy our proprietary auction technologies at all of our foreign operations, and we cannot predict whether this deployment will be successful or will result in increases in the revenues or operating efficiencies of any acquired companies relative to their historic operating performance. Integration of our respective operations, including information technology and financial and administrative functions, may not proceed as anticipated and could result in unanticipated costs or expenses such as capital expenditures that could have an adverse effect on our future operating results. We cannot provide any assurance that we will achieve our business and financial objectives in connection with these acquisitions or our strategic decision to expand our operations internationally.

As we continue to expand our business internationally, we will need to develop policies and procedures to manage our business on a global scale. Operationally, acquired businesses typically depend on key seller relationships, and our failure to maintain those relationships would have an adverse effect on our consolidated results of operations and could have an adverse effect on our future operating results. Moreover, success in opening and operating facilities in new markets can be dependent upon establishing new relationships with buyers and sellers, and our failure to establish those relationships could have an adverse effect on our consolidated results of operations and future operating results.

In addition, we anticipate our international operations will continue to subject us to a variety of risks associated with operating on an international basis, including:

- the difficulty of managing and staffing foreign offices;
- the increased travel, infrastructure, and legal compliance costs associated with multiple international locations;

- the need to localize our mix of product and service offerings in response to customer requirements, particularly the need to implement our online auction platform in foreign countries;
- the need to comply with complex foreign and U.S. laws and regulations that apply to our international operations, including changes in laws that may have an adverse effect on our ability to operate our preferred business model in foreign jurisdictions;
- tariffs, trade barriers, trade disputes, and other regulatory or contractual limitations on our ability to operate in certain foreign markets;
- exposure to foreign currency exchange rate risk, which may have an adverse impact on our revenues and revenue growth rates;
- adapting to different business cultures, languages, and market structures, particularly where we seek to implement our auction model in markets where insurers have historically not played a substantial role in the disposition of salvage vehicles;
- repatriation of funds currently held in foreign jurisdictions to the U.S., which may result in higher effective tax rates;
- military conflicts, including those in Eastern Europe and the Middle East;
- public health issues, such as epidemics, pandemics, and other public health emergencies;
- environmental issues;
- natural and man-made disasters; and
- political issues.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Our failure to manage any of these risks successfully could harm our international operations and have an adverse effect on our operating results.

Our business is exposed to risks associated with online commerce security and credit card fraud.

Consumer concerns over the security of transactions conducted on the internet or the privacy of users may inhibit the growth of the internet and online commerce. To securely transmit confidential information such as customer credit card numbers, we rely on encryption and authentication technology. Security risks and threats continue to increase in our industry, and we and our service providers are subject to risks of compromises or breaches of the systems we use to protect customer transaction data. Furthermore, our servers may also be vulnerable to viruses transmitted via the internet and other points of access. While we proactively check for intrusions into our infrastructure, a new or undetected virus could cause a service disruption.

We maintain an information security program and our processing systems incorporate multiple levels of protection in order to address or otherwise mitigate these risks. Despite these mitigation efforts, there can be no assurance that we will be immune to these risks and not suffer losses in the future. Under current credit card practices, we may be held liable for fraudulent credit card transactions and other payment disputes with customers. As such, we have implemented certain anti-fraud measures, including credit card verification procedures. However, a failure to adequately prevent fraudulent credit card transactions could adversely affect our consolidated financial position and results of operations.

Our security measures may also be breached due to employee error, malfeasance, insufficiency, or defective design. Additionally, outside parties may attempt to fraudulently induce employees, users, or customers to disclose sensitive information in order to gain access to our data or our users' or customers' data. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and a loss of confidence in the security of our products and services that could have an adverse effect on our consolidated financial position and results of operations.

Implementation of our online auction model in new markets may not result in the same synergies and benefits that we achieved when we implemented the model in the U.S., Canada, and the U.K.

We believe that the implementation of our proprietary auction technologies across our operations had a favorable impact on our results of operations by increasing the size and geographic scope of our buyer base, increasing the average selling price for vehicles sold through our sales, and lowering expenses associated with vehicle sales.

For example, we implemented our online system across all of our U.S., Canada, and the U.K. salvage facilities between fiscal 2004 and fiscal 2008 and experienced increases in revenues and average selling prices, as well as improved operating efficiencies in those markets. In considering new markets, we consider the potential synergies from the implementation of our model based in large part on our experience in the U.S., Canada, and the U.K. However, we cannot predict whether these synergies will also be realized in new markets.

Failure to maintain sufficient capacity to accept additional vehicles at one or more of our storage facilities could adversely affect our relationships with insurance companies or other sellers of vehicles.

Capacity at our storage facilities varies from period to period and from region to region. For example, following adverse weather conditions in a particular area, our facilities in that area may fill and limit our ability to accept additional salvage vehicles while we process existing inventories. For example, Hurricanes Helene and Milton had, in certain quarters, an adverse effect on our operating results, in part because of facility capacity constraints in the impacted areas of the U.S. We regularly evaluate our capacity in all our markets and where appropriate, seek to increase capacity through the acquisition of additional land and facilities. We may not be able to reach agreements to purchase independent storage facilities in markets where we have limited excess capacity, zoning restrictions or difficulties obtaining and maintaining use permits, which may limit our ability to sustain and expand our capacity through acquisitions of new land. Failure to have sufficient capacity at one or more of our facilities could adversely affect our relationships with insurance companies or other sellers of vehicles, which could have an adverse effect on our consolidated results of operations and financial position.

Because the growth of our business has been due in large part to acquisitions and development of new facilities, the rate of growth of our business and revenues may decline if we are not able to successfully complete acquisitions and develop new facilities.

We seek to increase our sales and profitability through the acquisition of complementary businesses, additional facilities and the development of new facilities. Historically, the acquisition and development of new facilities has both enabled and resulted from market share gains in our core salvage vehicle remarketing business. In fiscal 2024, we opened three new operational facilities in the U.K., one new operational facility in Spain, one new operational facility in Canada, and four new operational facilities in the U.S. In fiscal 2025, we opened one new operational facility in the U.K., two new operational facilities in Spain, and three new operational facilities in the U.S. In fiscal 2026, we opened two new operational facilities in Brazil, and six new operational facilities in the U.S. As for strategic acquisitions of complementary businesses, we acquired National Powersport Auctions in fiscal 2017, we acquired Hills Motors in fiscal 2022, a used, or "green" parts recycler in the U.K. that has four operating facilities and in fiscal 2024, we acquired Purple Wave, Inc. an online offsite heavy equipment auction company. In September 2026, we entered into the Merger Agreement with ACV and Merger Sub to acquire all of ACV's outstanding shares of common stock for $10.50 per share, net to the seller in cash, without interest, subject to any required withholding of taxes, and we expect to complete such acquisition by the end of calendar year 2026. The consummation of such transaction is subject to the tender of a majority of the outstanding shares of ACV common stock, the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and other customary conditions. Acquisitions are difficult to identify and complete for a number of reasons, including competition among prospective buyers, the availability of affordable financing in the capital markets, if necessary, and the need to satisfy applicable closing conditions and obtain antitrust and other regulatory approvals on acceptable terms. There can be no assurance that we will be able to:

- continue to acquire additional facilities on favorable terms;
- expand existing facilities in no-growth regulatory environments;
- obtain or retain buyers, sellers, and sales volumes in new markets or facilities;
- increase revenues and profitability at acquired and new facilities;
- maintain the historical revenue and earnings growth rates we have been able to obtain through facility openings and strategic acquisitions related to market share expansion in our core salvage vehicle remarketing business;
- create new vehicle storage facilities that meet our current revenue and profitability requirements;
- obtain necessary regulatory approvals under applicable antitrust and competition laws; or
- identify and complete strategic acquisitions in complementary market segments.

Acquisitions typically will increase our sales and profitability, although given the typical size of our acquisitions to date, most of our acquisitions have not individually had a material impact on our consolidated results of operations and financial position. We may not always be able to introduce our processes and selling platform to acquired companies due to different operating models in international jurisdictions or other facts. As a result, the associated benefits of acquisitions may be delayed

for years. During this period, the acquisitions may operate at a loss and certain acquisitions, while profitable, may operate at a margin percentage that is below our overall operating margin percentage and, accordingly, have an adverse impact on our consolidated results of operations and financial position. Hence, the conversion periods vary from weeks to years and cannot be predicted.

In addition, certain of the acquisition agreements under which we have acquired companies require the former owners to indemnify us against certain liabilities related to the operation of the company before we acquired it. In most of these agreements, however, the liability of the former owners is limited and certain former owners may be unable to meet their indemnification responsibilities. We cannot assure that these indemnification provisions will protect us fully or at all, and as a result we may face unexpected liabilities that adversely affect our financial statements. Any failure to continue to successfully identify and complete acquisitions and develop new facilities could have a material adverse effect on our consolidated results of operations and financial position.

As we continue to expand our operations, our failure to manage growth could harm our business and adversely affect our consolidated results of operations and financial position.

Our ability to manage growth depends not only on our ability to successfully integrate new facilities, but also on our ability to:

- hire, train and manage additional qualified personnel;
- establish new relationships or expand existing relationships with vehicle sellers;
- identify and acquire or lease suitable premises on competitive terms;
- manage overhead expenses and maintain operating efficiencies;
- identify productive uses for available capital reserves; and
- maintain the supply of vehicles from vehicle sellers.

Our inability to control or manage these growth factors effectively could have a material adverse effect on our consolidated results of operations and financial position.

If we experience problems with our subhaulers and trucking fleet operations, our business could be harmed.

We rely primarily upon independent subhaulers to pick up and deliver vehicles to and from our storage facilities in the U.S., Canada, Brazil, the Republic of Ireland, Germany, Finland, the U.A.E., Oman, Bahrain, and Spain. We also utilize, to a lesser extent, independent subhaulers in the U.K. Our failure to pick up and deliver vehicles in a timely and accurate manner could harm our reputation and brand, which could have a material adverse effect on our business. Further, an increase in fuel cost may lead to increased prices charged by our independent subhaulers, which may significantly increase our cost. We may not be able to pass these costs on to our sellers or buyers.

In addition to using independent subhaulers, in the U.S., the U.K., Germany, Spain, U.A.E., and Brazil, we utilize a fleet of company trucks to pick up and deliver vehicles to and from our storage facilities in those geographies. In connection therewith, we are subject to the risks associated with providing trucking services, including but not limited to inclement weather, disruptions in transportation infrastructure, accidents and related injury claims, availability and price of fuel, any of which could result in an increase in our operating expenses and reduction in our net income.

New member programs could impact our operating results.

We have initiated and intend to continue to initiate programs to open our auctions to the general public. These programs include the Registered Broker program through which the public can purchase vehicles through a registered member, and Copart Lounge programs through which registered members can open Copart storefronts in foreign markets with internet kiosks enabling the general public to search our inventory and purchase vehicles. Initiating programs that allow access to our online auctions to the general public will involve material expenditures and we cannot predict what future benefit, if any, will be derived. These programs could also create additional risks, including heightened regulation and litigation risk related to vehicle sales to the general public, and heightened branding, reputational, and intellectual property risk associated with allowing Copart registered members to establish Copart-branded storefronts in foreign jurisdictions.

Factors such as mild weather conditions can have an adverse effect on our revenues and operating results, as well as our revenue and earnings growth rates, by reducing the available supply of salvage vehicles. Conversely, extreme

weather conditions can result in an oversupply of salvage vehicles that requires us to incur abnormal expenses to respond to market demands.

Mild weather conditions tend to result in a decrease in the available supply of salvage vehicles because traffic accidents decrease and fewer automobiles are damaged. Accordingly, mild weather can have an adverse effect on our salvage vehicle supply, which would be expected to have an adverse effect on our revenue and operating results and related growth rates. Conversely, our salvage vehicle supply will tend to increase in poor weather such as a harsh winter or as a result of adverse weather-related conditions such as flooding. During periods of mild weather conditions, our ability to increase our revenues and improve our operating results and related growth will be increasingly dependent on our ability to obtain additional vehicle sellers and to compete more effectively in the market, each of which is subject to the other risks and uncertainties described in these sections. In addition, extreme weather conditions, although they increase the available supply of salvage cars, can have an adverse effect on our operating results. For example, during fiscal 2025, we recognized substantial additional costs associated with Hurricanes Helene and Milton. Weather events have had, in certain quarters, an adverse effect on our operating results, in part because of facility capacity constraints in the impacted areas of the U.S.

If we lose key management or are unable to attract and retain the talent required for our business, we may not be able to successfully manage our business or achieve our objectives.

Our future success depends in large part upon the leadership and performance of our executive management team, all of whom are employed on an at-will basis and none of whom are subject to any agreements not to compete. If we lose the service of one or more of our senior executives or key employees, or if one or more of the senior executives or key employees decide to join a competitor or otherwise compete directly or indirectly with us, we may not be able to successfully manage our business or achieve our business objectives.

More generally, our future success also depends on our ability to attract and retain a talented workforce. The labor market is highly competitive, and our business could be adversely affected if we are unable to attract and retain talented personnel in our organization at appropriate staffing levels. In addition, because our core technology platform is internally developed, we face heightened risks relating to workforce recruitment and retention of key personnel with subject matter expertise relating to our technology platform.

The vehicle sales industry is highly competitive, and we may not be able to compete successfully.

We face significant competition for the supply of salvage and other vehicles and for the buyers of those vehicles. We believe our principal competitors include other auction and vehicle remarketing service companies with whom we compete directly in obtaining vehicles from insurance companies and other sellers, and large vehicle dismantlers, who may buy salvage vehicles directly from insurance companies, bypassing the salvage sales process. Many of the insurance companies have established relationships with competitive remarketing companies and large dismantlers. Certain of our competitors may currently or in the future have greater financial resources than we do. Due to the limited number of vehicle sellers, particularly in the U.K., and other foreign markets, the absence of long-term contractual commitments between us and our sellers and the increasingly competitive market environment, there can be no assurance that our competitors will not gain market share at our expense.

We may also encounter significant competition for local, regional, and national supply agreements with vehicle sellers. There can be no assurance that the existence of other local, regional, or national contracts entered into by our competitors will not have a material adverse effect on our business or our expansion plans. Furthermore, we are likely to face competition from major competitors in the acquisition of vehicle storage facilities, which could significantly increase the cost of such acquisitions and thereby materially impede our expansion objectives or have a material adverse effect on our consolidated results of operations. These potential new competitors may include consolidators of automobile dismantling businesses, organized salvage vehicle buying groups, automobile manufacturers, automobile auctioneers and software companies. While most vehicle sellers have abandoned or reduced efforts to sell salvage vehicles directly without the use of service providers such as us, there can be no assurance that this trend will continue, which could adversely affect our market share, consolidated results of operations and financial position. Additionally, existing or new competitors may be significantly larger and have greater financial and marketing resources than us; therefore, there can be no assurance that we will be able to compete successfully in the future.

We may incur substantial indebtedness and any failure to meet our debt obligations may adversely affect our business, financial condition, and results of operations.

We have entered into, and may continue to enter into, arrangements pursuant to which we may incur significant indebtedness, including the 2026 Credit Agreement, which provides for an unsecured revolving credit in an aggregate principal amount of up to $1,250 million maturing on January 23, 2031. If we incur indebtedness and cannot service it, we may have to

take actions such as utilizing available capital, selling assets, or reducing or delaying capital expenditures, strategic transactions, and investments, any of which may impede the implementation of our business strategy, prevent us from entering into transactions that would otherwise benefit our business, and may adversely affect our business, financial condition, and results of operations.

The 2026 Credit Agreement contains restrictive covenants, including a maximum consolidated total net leverage ratio and other customary covenants that limit our and our subsidiaries' operating and financial flexibility, subject to certain exceptions. If we fail to comply, the lenders could terminate their commitments and accelerate any outstanding borrowings, and because the facility is guaranteed by certain of our subsidiaries, they could be required to satisfy those obligations. If we incur indebtedness under the 2026 Credit Agreement, we will be subject to variable interest rate risk, because borrowings bear interest at a margin over a benchmark rate or a base rate. A substantial increase in interest rates could impair our ability to service our indebtedness. Any refinancing of our debt could be at higher interest rates and could require us to comply with more onerous covenants, which could further restrict our business operations. We also may not be able to refinance indebtedness on commercially reasonable terms, or at all.

Risks Related to Regulatory Compliance and Legal Matters

Our business activities and public policy interests expose us to political, regulatory, economic, and reputational risks.

Our business activities, facilities expansions, and civic and public policy interests may be unpopular in certain communities, exposing us to reputational and political risk. For example, public opposition in some communities to different aspects of our business operations has impacted our ability to obtain required business use permits. Additionally, our interests in legislative and regulatory processes at different levels of government in the geographies in which we operate have been opposed by competitors and other interest groups. Although we believe we generally enjoy positive community relationships and political support in our range of operations, shifting public opinion sentiments and sociopolitical dynamics could have an adverse effect on our business and reputation.

Our operations and acquisitions in the U.S. and certain foreign areas expose us to political, regulatory, economic, and reputational risks.

We are required to comply with applicable export control and economic sanctions laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce and trade controls administered by the U.S. Treasury Department's Office of Foreign Assets Control. We may be required to obtain authorization from the U.S. government to engage in the export of certain items, and obtaining licenses may be time consuming and may result in the delay or loss of sales opportunities. Although we have implemented policies, procedures, and training designed to ensure compliance with anti-bribery laws, trade controls and economic sanctions, and similar regulations, our employees, business partners, or agents may take actions in violation of our policies or of applicable anti-bribery, trade controls, and economic sanctions. We may incur costs or other penalties, including loss of import and export privileges and increased government scrutiny, in the event that any such violations occur, which could have an adverse effect on our business and reputation. Our efforts to comply with applicable export control, sanctions, and similar laws and regulations could be costly or time-consuming, and changes in policy could have a material adverse effect on our products or business operations.

In some cases, the enforcement practices of governmental regulators in certain foreign areas and the procedural and substantive rights and remedies available to us may vary significantly from those in the U.S., which could have an adverse effect on our business.

Although we face risks associated with international expansion in each of the non-U.S. markets where we operate, recent regulatory proposals in Brazil heighten the risks we face relating to our Brazil operations.

In addition, some of our recent acquisitions have required us to integrate non-U.S. companies which had not previously been subject to U.S. law. In many countries outside of the U.S., particularly in those with developing economies, it may be common for persons to engage in business practices prohibited by laws and regulations applicable to us, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, Brazil Clean Companies Act, India's Prevention of Corruption Act, 1988 or similar local anti-bribery laws. These laws generally prohibit companies from authorizing, offering, or providing, directly or indirectly, improper payments for the purpose of obtaining or retaining business. We, our employees, agents, representatives, business partners and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party intermediaries even if we do not explicitly authorize those activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with those laws, we cannot assure you that none of our employees, agents, representatives, business partners or third-party intermediaries

will take actions in violation of our policies or applicable law, for which we may be ultimately held responsible. Any allegation of violations of or violation of the applicable anti-bribery and anti-corruption laws could subject us to whistleblower complaints, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, and other civil and criminal penalties, all of which could have a material adverse effect on our consolidated operating results and financial position. Responding to any investigation or action could result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

We face risks associated with transacting on a principal rather than agent basis, which may have an adverse impact on our gross margin percentages and expose us to inventory risks.

Certain of the vehicles that we remarket in the U.S. and foreign markets may be transacted either wholly or partially on the principal model, in which the vehicle is purchased and then resold for our own account, rather than the agency model, in which we generally act as a sales agent for the legal owner of vehicles. Further, operating on a principal basis exposes us to inventory risks, including losses from theft, damage, and obsolescence. In addition, our business in the U.S., Canada, and the U.K. has been established and grown based largely on our ability to build relationships with insurance carriers. In other markets, including Germany, insurers have traditionally been less involved in the disposition of vehicles. As we expand into markets outside the U.S., Canada, and the U.K., including Germany in particular, we cannot predict whether markets will readily adapt to our strategy of online auctions of automobiles sourced principally through vehicle insurers. Any failure of new markets to adopt our business model could adversely affect our consolidated results of operations and financial position.

Our business is subject to a variety of domestic and international laws and other obligations regarding privacy and data protection.

We are subject to federal, state and international laws, directives, and regulations relating to the collection, use, retention, disclosure, security, transfer, and other processing of personal data. These laws, directives, and regulations, and their interpretation and enforcement continue to evolve and may be inconsistent from jurisdiction to jurisdiction. For example, the General Data Protection Regulation ("GDPR"), which went into effect in the European Union on May 25, 2018, applies to all of our activities conducted from an establishment in the European Union and may also apply to related products and services that we offer to European Union users. The United Kingdom has adopted legislation that substantially implements the GDPR. The GDPR provides for significant penalties in the case of non-compliance of up to €20 million or four percent of worldwide annual revenues, whichever is greater. The United Kingdom legislation implementing the GDPR provides for a similar penalty structure. Numerous other jurisdictions worldwide have enacted laws relating to the collection, use, retention, disclosure, security, transfer, and other processing of personal data, including Brazil, which has enacted the Brazilian General Data Protection Law ("LGPD"). The LGPD broadly regulates processing of personal information of individuals in Brazil and imposes compliance obligations and penalties comparable to those of the GDPR.

In the United States, California has enacted the California Consumer Privacy Act, as amended ("CCPA") and numerous similar recently enacted laws create new data privacy rights for individuals. Other evolving legislation relating to privacy and cybersecurity at the federal, state, and local levels also may, or may be argued to, apply to us. Additionally, certain of our commercial partners, including payment card companies, have imposed data security standards or other obligations relating to privacy, data protection, or data security upon us, and others may do so in the future. We also may be, or may be argued to be, subject to industry standards or other actual or asserted obligations relating to privacy, data protection, and cybersecurity. We strive to comply with applicable laws, regulations, policies, and contractual and other legal obligations relating to privacy, data protection, and cybersecurity. These legal, contractual, and other actual and asserted obligations are, however, evolving rapidly, may be interpreted and applied in new ways and/or in manners that are inconsistent, and may conflict with other obligations or our practices.

Our efforts to comply with the GDPR, the CCPA, the LGPD, and similar emerging and changing laws, regulations, policies, and contractual and other legal obligations relating to privacy data protection, and cybersecurity may require us to change our policies and practices and may cause us to incur substantial costs. Our actual or perceived noncompliance with any actual or asserted legal obligations relating to privacy, data protection, or cybersecurity could result in claims, demands, and litigation by private parties or governmental actors, investigations or other actions or proceedings by governmental entities or others, our loss of the ability to process payment card transactions, or us becoming subject to higher costs for such transactions, harm to our reputation and market position, and significant legal and financial exposure and could affect our ability to retain and attract customers. Any of the risks described above could adversely affect our consolidated results of operations and financial position.

Regulation of the vehicle sales industry may impair our operations, increase our costs of doing business, and create potential liability.

Participants in the vehicle sales industry are subject to, and may be required to expend funds to ensure compliance with a variety of laws, regulations, and ordinances. These include, without limitation, land use ordinances, business and occupational licensure requirements and procedures, vehicle titling, sales, and registration rules and procedures, and laws and regulations relating to the environment, anti-money laundering, anti-corruption, exporting, and reporting and notification requirements to agencies and law enforcement relating to vehicle transfers. Many of these laws and regulations are frequently complex and subject to interpretation, and failure to comply with present or future regulations or changes in interpretations of existing laws or regulations may result in government investigation or proceedings, which could lead to impairment or suspension of our operations and the imposition of penalties and other liabilities. At various times, we may be involved in disputes with local governmental officials regarding the development and/or operation of our business facilities. We may be subject to similar types of regulations by governmental agencies in new markets. In addition, new legal or regulatory requirements or changes in existing requirements may delay or increase the cost of opening new facilities, may limit our base of vehicle buyers, may decrease demand for our vehicles, and may adversely impact our ability to conduct business. As described under *NOTE 15 — Commitments and Contingencies*, the U.S. Department of Justice is conducting an ongoing investigation into potential violations by the Company of certain money laundering laws related to its practices and procedures for preventing and detecting money-laundering activity by its auction platform members. The Company is cooperating with the Department of Justice's (the "DOJ") investigation. The Company may receive additional regulatory or governmental inquiries related to the matters that are the subject of the DOJ's investigation. Any such inquiries or investigations may be time-consuming, costly, divert management resources, or otherwise have a material adverse effect on our business, financial condition or results of operation. These or other governmental investigations, inquiries, or lawsuits could lead to our incurring liability for damages or other costs, a criminal or civil proceeding, the imposition of fines and penalties, and/or other remedies, and reputational harm to our business, which can impact our ability to attract and retain customers and qualified personnel, as well as restrictions on or added costs for our business operations going forward.

Changes in laws or the interpretation of laws, including foreign laws and regulations, affecting the import and export of vehicles may have an adverse effect on our business and financial condition.

Our internet-based auction-style model has allowed us to offer our products and services to international markets and has increased our international buyer base. As a result, foreign importers of vehicles now represent a significant part of our total buyer base. Our foreign buyers may be subject to a variety of foreign laws and regulations, including import controls and customs duties imposed by foreign countries. Changes in laws, regulations, and treaties that restrict or impede or negatively affect the economics surrounding the importation of vehicles into foreign countries may reduce the demand for vehicles and impact our ability to maintain or increase our international buyer base. For example, since 2025, there has been a material increase and considerable volatility in the applicable tariffs imposed, or threatened to be imposed, by the U.S. government on foreign origin products. In response, some foreign governments have imposed, or threatened to impose, retaliatory tariffs on U.S.-origin goods in their respective jurisdictions. In addition, we and our vehicle buyers must work with foreign customs agencies and other non-U.S. governmental officials, who are responsible for the interpretation, application, and enforcement of these laws, regulations, and treaties. Any inability to obtain requisite approvals or agreements from such authorities could adversely impact the ability of our buyers to import vehicles into foreign countries. In addition, any disputes or disagreements with foreign agencies or officials over import duties, tariffs, or similar matters, including disagreements over the value assigned to imported vehicles, could adversely affect our costs and the ability and costs of our buyers to import vehicles into foreign countries. For example, in March 2008, a decree issued by the president of Mexico became effective that placed restrictions on the types of vehicles that can be imported into Mexico from the U.S. The adoption of similar laws or regulations in other jurisdictions that have the effect of reducing or curtailing our activities abroad, changes in the interpretation, application, and enforcement of laws, regulations, or treaties, any failure to comply with non-U.S. laws or regulatory interpretations, or any legal or regulatory interpretations or governmental actions that significantly increase our costs or the costs of our buyers could have a material adverse effect on our consolidated results of operations and financial position by reducing the demand for our products and services and our ability to compete in non-U.S. markets.

The operation of our storage facilities poses certain environmental risks, which could adversely affect our consolidated results of operations, financial position, or cash flows.

Our operations are subject to international, federal, provincial, state and local laws and regulations regarding the protection of the environment in the countries in which we have storage facilities. In some cases, we may acquire land with existing environmental issues, including landfills as an example. In the salvage vehicle remarketing industry, large numbers of wrecked vehicles are stored at storage facilities, requiring us to actively monitor and manage potential environmental impacts. In the U.K., we provide vehicle de-pollution and crushing services for end-of-life vehicles. We could incur substantial expenditures for preventative, investigative, or remedial action and could be exposed to liability arising from our operations, contamination by previous users of certain of our acquired facilities or facilities which we may acquire in the future, or the disposal of our waste at off-site locations. In addition to conducting environmental diligence on new site acquisitions, we also take such appropriate actions as may be necessary to avoid liability for activities of prior owners, and we have from time to time acquired

insurance with respect to acquired facilities with known environmental risks. There can be no assurances, however, that these efforts to mitigate environmental risk will prove sufficient if we were to face material liabilities. We have incurred expenses for environmental remediation in the past, and environmental laws and regulations could become more stringent over time. There can be no assurance that we or our operations will not be subject to significant costs in the future or that environmental enforcement agencies at the state and federal level will not pursue enforcement actions against us. In addition to acquiring insurance in connection with certain acquisitions, we have also obtained indemnification for pre-existing environmental liabilities from many of the persons and entities from whom we have acquired facilities, but there can be no assurance that such indemnifications will be available or sufficient. In addition, increased focus by the U.S. and other governmental authorities on climate change and other environmental matters may lead to enhanced regulation in these areas, which could also result in increased compliance costs and subject us to additional potential liabilities. For example, we are or may become subject to new and evolving climate-related disclosure requirements, including state-level mandates such as California's greenhouse gas emissions and climate-related financial risk reporting laws, even as the scope of federal climate-related disclosure requirements remains uncertain, and these developing and potentially inconsistent requirements across the jurisdictions in which we operate could increase our compliance costs and expose us to enforcement, litigation, or reputational risk. The extent of these costs and risks is difficult to predict and will depend in large part on the extent of new regulations and the ways in which those regulations are enforced. Any such expenditures or liabilities could have a material adverse effect on our consolidated results of operations, financial position, or cash flows.

Changes in federal, state and local, or foreign tax laws, changing interpretations of existing tax laws, or adverse determinations by tax authorities could increase our tax burden or otherwise adversely affect our results of operations, and financial condition.

We are subject to taxation at the federal, state, provincial, and local levels in the United States, the United Kingdom, and various other countries and jurisdictions in which we operate, including income taxes, sales taxes, value-added ("VAT") taxes, and similar taxes and assessments. The laws and regulations related to tax matters are extremely complex and subject to varying interpretations. Although we believe our tax positions are reasonable, we are subject to audit by the Internal Revenue Service, in the United States, HM Revenue and Customs in the United Kingdom, state tax authorities in the states in which we operate, and other similar tax authorities in international jurisdictions. We have been subject to audits and challenges from applicable federal, state, or foreign tax authorities in the past, and may be subject to similar audits and challenges in the future. While we believe we comply with all applicable tax laws, rules, and regulations in the relevant jurisdictions, tax authorities may elect to audit us and determine that we owe additional taxes, which could result in a significant increase in our liabilities for taxes, interest, and penalties in excess of our accrued liabilities.

New tax legislative initiatives may be proposed from time to time, such as proposals for comprehensive tax reform in the United States, which may impact our effective tax rate and which could adversely affect our tax positions or tax liabilities. Further, many countries, as well as organizations such as the Organization for Economic Cooperation and Development ("OECD"), have enacted or proposed changes to existing international tax laws. These and other developments, together with changes in the composition of earnings in jurisdictions with differing tax rates, changes in statutory rates and other legislative changes, changes in substantive tax law or interpretations of existing tax laws, or changes in determinations regarding the jurisdictions in which we are subject to tax, could adversely affect our effective tax rate and result in materially higher taxes than would be incurred under existing tax law, which could adversely affect our financial condition or results of operations.

Risks Related to Our Intellectual Property and Technology

Disruptions to information technology systems used in our business, including failure to prevent outages, maintain security, and prevent unauthorized access to our information technology systems and confidential information, could disrupt our business and materially and adversely affect our reputation, consolidated results of operations, and financial condition.

Information availability and security risks for online commerce companies have significantly increased in recent years because of, in addition to other factors, the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, and other external parties. These threats may derive from fraud or malice on the part of third parties or current or former employees. In addition, human error or negligence or accidental technological failure could make us vulnerable to information technology system disruptions and/or cyber-attacks, including the introduction of malicious computer viruses or code into systems, phishing attacks, ransomware attacks, or other cyber security breaches or incidents suffered by ourselves or those processing data or performing services for us. For example, in March 2023, one of our immaterial subsidiaries suffered a ransomware attack. Although the impacted subsidiary successfully maintained its operations during this event and the attack did not affect the rest of our business, future cyber-attacks could result in material adverse impacts to our business and our consolidated results of operations.

Our operations rely on the secure processing, transmission, and storage of confidential, proprietary and other information in our computer systems and networks. Our customers and other parties in the payments value chain rely on our digital technologies, computer and email systems, software, and networks to conduct their operations. In addition, to access our products and services, our customers increasingly use personal smartphones, tablet PCs, and other mobile devices that may be beyond our control.

Information technology system disruptions, cyber-attacks, ransomware attacks, or other security breaches or incidents could materially and adversely affect our reputation, operating results, or financial condition by, among other things, making our auction platform inoperable or with reduced functionality for a period of time, data loss, corruption, or unavailability, unauthorized access to or use of the systems or networks used in our business and operations, and unauthorized, accidental, or unlawful access to, or disclosure, modification, misuse, loss, unavailability, destruction, or other unauthorized processing of our or our customers' information. Any of these, or the belief or perception they have occurred, may damage our reputation with buyers, sellers, and insurance companies as a result of the unauthorized disclosure of confidential information (including account data information), result in harm to our market position and our ability to retain customers and attract new customers, result in claims, demands, and litigation by private parties or governmental actors, governmental investigations, and other actions and proceedings, fines or penalties, severe reputational damage adversely affecting customer or investor confidence and causing damage to our brand, indemnity obligations, disruption to our operations, damages for contract breach, and other liabilities. We and our service providers may face difficulties or delays in detecting and responding to any actual or perceived incident, and if any cyber-attacks or breaches or incidents are not detected immediately, their effects could be compounded. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of these cyber risks, an insurer may deny or exclude from coverage certain types of claims or our insurance coverage may be insufficient to cover all losses and would not remedy damage to our reputation.

We work to evaluate and implement new technologies and processes to manage risks relating to cyber-attacks and system and network disruptions, including but not limited to usage errors by our employees, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. We have also enhanced our security protocols in response to our prior attacks and service interruptions. We have incurred and expect to incur ongoing expenditures in our efforts to prevent information security breaches and other security incidents. Nevertheless, we cannot provide assurances that our efforts to address cyber-attacks, security breaches and incidents, and system disruptions, and mitigate against the risks of their occurrence in the future, will be successful. The techniques used by criminals to obtain unauthorized access to sensitive data change frequently and are often not recognized immediately. For example, as AI technologies, including generative AI models, develop rapidly, threat actors are using these technologies to create new sophisticated attack methods that are increasingly automated, targeted, coordinated, sophisticated, and more difficult to defend against and mitigate the impacts of. We may be unable to anticipate these techniques or implement adequate preventative measures and believe that cyber-attacks and threats against us have occurred in the past and are likely to continue in the future. If our systems are compromised, become inoperable for extended periods of time, or cease to function properly, we may have to make a significant investment to fix or replace them, and our ability to provide many of our electronic and online solutions to our customers may be impaired. In the event of another, more serious ransomware attack, we could suffer significant financial and reputational harm, regardless of whether we choose to pay the ransom amount. In addition, as cyber-threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. Any of the risks described above could materially and adversely affect our consolidated results of operations and financial position.

Our internet-based sales model has increased the relative importance of intellectual property assets to our business, and any inability to protect those rights could have a material adverse effect on our business, results of operations, or financial position.

Our intellectual property rights include patents relating to our auction technologies, as well as trademarks, trade secrets, copyrights, and other intellectual property rights. In addition, we may enter into agreements with third parties regarding the license or other use of our intellectual property. Effective intellectual property protection may not be available in every country in which our products and services are distributed, deployed, or made available. We seek to maintain certain intellectual property rights as trade secrets. The secrecy could be compromised by third parties, or intentionally or accidentally by our employees, which would cause us to lose the competitive advantage resulting from those trade secrets. Any significant impairment of our intellectual property rights, or any inability to protect our intellectual property rights, could have a material adverse effect on our consolidated results of operations and financial position. In addition, as we increasingly develop, deploy and incorporate artificial intelligence and machine learning into our products, services, and internal tools, the intellectual property rights in the code, models, content, or other outputs generated with the assistance of these technologies may be uncertain, difficult to protect, or unavailable, and we may not own or be able to prevent others from using such outputs. Intellectual property laws governing the protectability and ownership of works and inventions created with the assistance of

artificial intelligence are evolving and may not afford us adequate protection, which could increase our reliance on trade secret protection and diminish the value of, or our ability to protect, our proprietary technologies.

We also may not be able to acquire or maintain appropriate domain names in all countries in which we do business. Furthermore, regulations governing domain names may not protect our trademarks and similar proprietary rights. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights.

We have in the past been, and may in the future be, subject to intellectual property rights claims, which are costly to defend, could require us to pay damages, and could limit our ability to use certain technologies in the future.

Litigation based on allegations of infringement or other violations of intellectual property rights are common among companies who rely heavily on intellectual property rights. Our reliance on intellectual property rights has increased significantly in recent years as we have implemented our auction-style sales technologies across our business and ceased conducting live auctions. Recent U.S. Supreme Court precedent potentially restricts patentability of software inventions by affirming that patent claims merely requiring application of an abstract idea on standard computers utilizing generic computer functions are patent ineligible, which may impact our ability to enforce our issued patent and obtain new patents. As we face increasing competition, the possibility of intellectual property rights claims against us increases. Our development and use of artificial intelligence, machine learning, and generative artificial intelligence technologies, including tools and models provided by third parties and the data used to train them, may raise novel and unsettled questions regarding the ownership and permitted use of the data, models, and outputs involved. The law governing these technologies is developing rapidly, and adverse developments could expose us to additional litigation, licensing obligations, or restrictions on our use of these technologies. Litigation and any other intellectual property claims, whether with or without merit, can be time-consuming, expensive to litigate and settle, and can divert management resources and attention from our core business. An adverse determination in current or future litigation could prevent us from offering our products and services in the manner currently conducted. We may also have to pay damages or seek a license for the technology, which may not be available on reasonable terms and which may significantly increase our operating expenses, if it is available for us to license at all. We could also be required to develop alternative non-infringing technology, which could require significant effort and expense.

We have developed a proprietary enterprise operating system, and we may experience difficulties operating our business as we continue to design and develop this system.

We have developed a proprietary enterprise operating system to address our international expansion needs. The ongoing design, development, and implementation of our enterprise operating systems carries certain risks, including the risk of significant design or deployment errors causing disruptions, delays or deficiencies, which may make our website and services unavailable. This type of interruption could prevent us from processing vehicles for our sellers and may prevent us from selling vehicles through our internet bidding platform, VB3, which would adversely affect our consolidated results of operations and financial position. In addition, the transition to our internally developed proprietary system will continue to require us to commit substantial financial, operational and technical resources before the volume of business increases, without assurance that the volume of business will increase.

We may also implement additional or enhanced information systems in the future to accommodate our growth and to provide additional capabilities and functionality. The implementation of new systems and enhancements is frequently disruptive to the underlying business of an enterprise and can be time-consuming and expensive, increase management responsibilities and divert management attention. Any disruptions relating to our system enhancements or any problems with the implementation, particularly any disruptions impacting our operations or our ability to accurately report our financial performance on a timely basis during the implementation period, could materially and adversely affect our business. Even if we do not encounter these material and adverse effects, the implementation of these enhancements may be much more costly than we anticipated. If we are unable to successfully implement the information systems enhancements as planned, our financial position, results of operations, and cash flows could be negatively impacted.

Our success depends on maintaining the integrity of our systems and infrastructure. As our operations continue to grow in both size and scope, domestically and internationally, we must continue to provide reliable, real-time access to our systems by our customers through improving and upgrading our systems and infrastructure for enhanced products, services, features and functionality. Any failure to maintain the integrity of our systems and infrastructure may result in loss of customers due, among other things, to slow delivery times, unreliable service levels, or insufficient capacity, any of which could have a material adverse effect on our business, consolidated results of operations, and financial position.

Rapid technological changes may render our technology obsolete or decrease the competitiveness of our services.

To remain competitive, we must continue to enhance and improve the functionality and features of our websites and software. The internet and the online commerce industry are rapidly changing. In particular, the online commerce industry is characterized by increasingly complex systems and infrastructures. If competitors introduce new services embodying new technologies or if new industry standards and practices emerge such as the increased use of artificial intelligence, machine learning and generative artificial intelligence, our existing websites and proprietary technology and systems may become obsolete. Our future success will depend on our ability to:

- enhance our existing services;
- develop, access, acquire, and license new services and technologies that address the increasingly sophisticated and varied needs of our current and prospective customers; and
- respond to technological advances and emerging industry standards and practices in a cost-effective and timely basis.

Developing our websites and other proprietary technology entails significant technical and business risks. We may use new technologies ineffectively or we may fail to adapt our websites, transaction-processing systems, and network infrastructure to customer requirements or emerging industry standards. If we face material delays in introducing new services, products, and enhancements, our customers and suppliers may forego the use of our services and use those of our competitors.

Our development and use of artificial intelligence and machine learning technologies present operational, legal, competitive, and reputational risks that could adversely affect our business, consolidated results of operations, and financial position.

We increasingly incorporate artificial intelligence, machine learning, and generative artificial intelligence technologies into our operations, products, and services, including in areas such as [vehicle image capture and condition assessment, total loss and valuation determinations, pricing and analytics, fraud detection, member and customer support, and internal productivity tools]. These technologies are complex, rapidly evolving, and involve significant uncertainty. Competitors or new market entrants may develop or deploy them more quickly or effectively than we do, eroding our competitive position, and if our investments do not perform as expected or we cannot integrate them in a timely, cost-effective, secure, or responsible manner, we may not realize the efficiencies, revenue, or other benefits we anticipate.

Artificial intelligence is also the subject of rapidly evolving and fragmented laws, regulations, and industry standards in the United States and internationally, addressing transparency, data usage, automated decision-making, consumer protection, and discrimination. These requirements are uncertain, may conflict across jurisdictions, and may require us to change our practices, restrict our ability to develop or deploy these technologies, or increase our compliance costs and liability. Our failure to meet our responsibilities—or similar failures by the third-party providers that incorporate these tools into the products and services they provide us—could subject us to reputational harm, regulatory investigations or enforcement actions, fines and civil penalties, or litigation.

Because the models, algorithms, and datasets these technologies rely on may be flawed, incomplete, or biased, their outputs may be inaccurate, unreliable, or otherwise harmful, including in unintended or discriminatory ways. Certain of our uses directly affect transaction outcomes for vehicle sellers and buyers, errors, defects, or malfunctions, or their misuse by our personnel, which could result in operational disruptions, flawed business decisions, degraded sale outcomes, disputes or litigation, and harm to our reputation and our relationships with insurance companies and other significant vehicle sellers. Our use of these technologies may also increase the risk that our confidential information or our customers' personal information is inadvertently disclosed, used to train third-party models, or otherwise made available to others, and intellectual property rights in the outputs may be uncertain or unenforceable, we may not own those outputs, and our use of these technologies and their training data may subject us to infringement or misappropriation claims. Any of the foregoing risks, individually or in the aggregate, could have a material adverse effect on our business, consolidated results of operations, and financial position.

Risks Related to Ownership of Our Common Stock

Our annual and quarterly performance may fluctuate, causing the price of our stock to decline.

Our revenues and operating results have fluctuated in the past and can be expected to continue to fluctuate in the future on a quarterly and annual basis as a result of a number of factors, many of which are beyond our control. Factors that may affect our operating results include, but are not limited to, the following:

- fluctuations in the market value of salvage and used vehicles;

- fluctuations in commodity prices, particularly the per ton price of crushed car bodies;
- the impact of foreign exchange gain and loss as a result of international operations;
- our ability to successfully integrate our newly acquired operations in international markets and any additional markets we may enter;
- the availability of salvage vehicles or other vehicles we sell including the supply of used and salvage vehicles in relation to the supply of new vehicle alternatives;
- variations in vehicle accident rates;
- variations in total loss frequency rates;
- supply chain disruptions;
- member participation in the internet bidding process;
- delays or changes in state title processing;
- changes in international, state or federal laws, regulations, or treaties affecting the vehicles we sell;
- changes in the application, interpretation, and enforcement of existing laws, regulations or treaties;
- trade disputes and other political, diplomatic, legal, or regulatory developments;
- inconsistent application or enforcement of laws or regulations by regulators, governmental or quasi-governmental entities, or law enforcement or quasi-law enforcement agencies, as compared to our competitors;
- changes in laws affecting who may purchase the vehicles we sell;
- the timing and size of our new facility openings;
- the announcement of new vehicle supply agreements by us or our competitors;
- the severity of weather and seasonality of weather patterns;
- the amount and timing of operating costs and capital expenditures relating to the maintenance and expansion of our business, operations, and infrastructure;
- the availability and cost of general business insurance;
- labor costs and collective bargaining;
- changes in the current levels of out of state and foreign demand for salvage vehicles;
- the introduction of a similar internet product by a competitor;
- the ability to obtain or maintain necessary permits to operate;
- goodwill impairment;
- crimes committed against us, including theft, forgery, and counterfeit payments;
- military conflicts, including those in Eastern Europe and the Middle East;
- bank failures;
- natural and man-made disasters;
- public health issues, such as epidemics, pandemics, and other public health emergencies;
- monetary policy and potential inflation impacts, including any adverse effects of inflation and/or interest rates on our cash reserves; and
- political issues.

Due to the foregoing factors, our operating results in one or more future periods can be expected to fluctuate. As a result, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance. In the event such fluctuations result in our financial performance being below the expectations of public market analysts and investors, the price of our common stock could decline substantially.

Our executive officers, directors, and their affiliates hold a large percentage of our stock and their interests may differ from other stockholders.

Our executive officers, directors and their affiliates beneficially own, in the aggregate, more than 10% of our issued and outstanding common stock as of July 31, 2026. If they were to act together, these stockholders would have significant influence over most matters requiring approval by stockholders, including the election of directors, any amendments to our amended and restated certificate of incorporation and certain significant corporate transactions, including potential merger or acquisition transactions. In addition, without the consent of these stockholders, we could be delayed or prevented from entering into transactions that could be beneficial to us or our other investors. These stockholders may take these actions even if they are opposed by our other investors.

We have certain provisions in our amended and restated certificate of incorporation and bylaws which may have an anti-takeover effect or that may delay, defer or prevent acquisition bids for us that a stockholder might consider favorable and limit attempts by our stockholders to replace or remove our current management.

Our Board of Directors is authorized to create and issue from time to time, without stockholder approval, up to an aggregate of 5,000,000 shares of undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval, and which may include rights superior to the rights of the holders of common stock. In addition, our bylaws establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and cause us to take other corporate actions the stockholders desire.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (iii) any action or proceeding asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws, or (iv) any action or proceeding asserting a claim that is governed by the internal affairs doctrine, shall be the Court of Chancery of the State of Delaware.

This provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act, for which the U.S. federal courts have exclusive jurisdiction, or the Securities Act.

Any person or entity purchasing or otherwise acquiring or holding or owning (or continuing to hold or own) any interest in any of our securities shall be deemed to have notice of and consented to the foregoing provisions. Although we believe this exclusive forum provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the exclusive forum provision may (i) increase the costs for a stockholder, and/or (ii) limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or any of our directors, officers, other employees, stockholders, or others which may discourage lawsuits with respect to such claims. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provision. Further, in the event a court finds the exclusive forum provision contained in our amended and restated certificate of incorporation to be unenforceable or inapplicable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our results of operations.

General Risk Factors

Cash investments are subject to risks.

We may invest our excess cash in securities or money market funds backed by securities, which may include U.S. treasuries, other federal, state and municipal debt, bonds, preferred stock, commercial paper, insurance contracts and other securities both privately and publicly traded. All securities are subject to risk, including fluctuations in interest rates, credit risk, market risk, and systemic economic risk. Changes or movements in any of these investment-related risk items may result in a loss or impairment to our invested cash and may have a material effect on our consolidated results of operations and financial position.

We are partially self-insured for certain losses and if our estimates of the cost of future claims differ from actual trends, our results of operations could be harmed.

We are partially self-insured for certain losses related to our different lines of insurance coverage including, without limitation, medical insurance, general liability, workers' compensation, and auto liability. Our liability represents an estimate of the ultimate cost of claims incurred as of the balance sheet date. The estimated liability is not discounted and is established based upon analysis of historical data and actuarial estimates. Further, we utilize independent actuaries to assist us in establishing the proper amount of reserves for anticipated payouts associated with these self-insured exposures. While we believe these estimates are reasonable based on the information currently available, if actual trends, including the severity of claims and medical cost inflation, differ from our estimates, our results of operations could be impacted.

Macroeconomic factors such as fluctuations in fuel prices, commodities as well as used car prices, and vehicle-related technological advances may have an adverse effect on our revenues and operating results, as well as our earnings growth rates.

Macroeconomic factors that affect oil prices and the automobile and commodity markets can have adverse effects on our revenues, revenue growth rates, and operating results. Significant increases in the cost of fuel or heightened level of inflation could lead to a reduction in miles driven per car and a reduction in accident rates. A material reduction in accident rates, whether due to, among other things, a reduction in miles driven per car, vehicle-related technological advances such as accident avoidance systems and, to the extent widely adopted, the advent of autonomous vehicles, could have a material impact on revenue growth. Similarly, a reduction in total loss frequency rates, due to among other things, sharp increases in used car prices that make it less economical for insurance company sellers to declare a vehicle involved in an accident a total loss, could also have a material impact on revenue growth. In addition, under our consignment program and PIP contracts, the cost of transporting the vehicle to one of our facilities is included in the consignment and PIP fee. We may incur increased fees, which we may not be able to pass on to our vehicle sellers. A material increase in transportation rates could have a material impact on our operating results. Volatility in fuel, commodity, and used car prices could have a material adverse effect on our revenues and revenue growth rates in future periods.

Adverse U.S. and international economic conditions may negatively affect our business, operating results, and financial condition.

The capital and credit markets have historically experienced extreme volatility and disruption, which has in the past and may in the future lead to economic downturns in the U.S. and abroad. As a result of any economic downturn, economic uncertainty or rising inflation, the number of miles driven may decrease, which may lead to fewer accident claims, a reduction of vehicle repairs, and fewer salvage vehicles. Increases in unemployment, as a result of any economic downturn, may lead to an increase in the number of uninsured motorists. Uninsured motorists are responsible for disposition of their vehicle if involved in an accident. Disposition generally is either the repair or disposal of the vehicle. In the situation where the owner of the wrecked vehicle, and not an insurance company, is responsible for its disposition, we believe it is more likely that vehicle will be repaired or, if disposed, disposed through channels other than us. Adverse credit markets may also affect the ability of members to secure financing to purchase salvaged vehicles which may adversely affect demand. In addition, if the banking system or the financial markets deteriorate or are volatile, our credit facility or our ability to obtain additional debt or equity financing may be affected. These adverse economic conditions and events may have a negative effect on our business, consolidated results of operations, and financial position.

Fluctuations in foreign currency exchange rates could result in declines in our reported revenues and earnings.

Our reported revenues and earnings are subject to fluctuations in currency exchange rates. We do not engage in foreign currency hedging arrangements; consequently, foreign currency fluctuations may adversely affect our revenues and earnings. Should we choose to engage in hedging activities in the future we cannot be assured our hedges will be effective or that the costs of the hedges will not exceed their benefits. Fluctuations in the rate of exchange between the U.S. dollar and foreign currencies, primarily Pounds Sterling, Canadian dollar, Brazilian real, European Union euro, U.A.E. dirham, Omani rial, and Bahraini dinar could adversely affect our consolidated results of operations and financial position.

Item 1B. ***Unresolved Staff Comments***

None.

Item 1C. ***Cybersecurity***

Risk Management and Strategy

We work proactively to identify, evaluate, and manage cybersecurity threats to our business. These threats include disruption and denial of critical systems and infrastructure, intellectual property theft, fraud, extortion, harm to customers and employees, legal and litigation risks, reputational risks, and the breach of confidential business data, which could include personally identifiable information. We employ both holistic and focused processes for identifying, assessing, managing, and disclosing material cybersecurity risks to our business. Our holistic review is part of our general risk management process, and involves our executive leadership team, team members from our finance, legal, tech, and operations teams, and external legal, financial, and risk advisors who are subject matter experts in identifying, assessing, mitigating and reporting material risks. Our focused review involves internal assessment by our cybersecurity team, as well as external review by a cybersecurity consulting services firm, to evaluate our cybersecurity program and our capacity to defend against and respond to potential cybersecurity threats.

Through strategic investments over several years, we have established and enhanced a comprehensive cybersecurity program consisting of security toolsets, people, policies, and contracted third-party service providers that provide technical, organizational, and administrative safeguards to protect against and timely respond to cybersecurity threats and incidents. Our cybersecurity strategy is based foremost on defense in depth, and secondarily on resilience. Defense in depth is a strategy of layered security, in which we employ a variety of overlapping controls, tools, and processes to defend against threat actors. Resilience is a strategy focused on business continuity and disaster recovery, with the goal of rapidly restoring, rebuilding, and recovering from any adverse cyber impacts to our business. These controls, tools and processes include technologies designed to detect and defend against unauthorized access to our systems and infrastructure, relevant corporate policies, periodic cybersecurity and privacy training programs, and incident response protocols for preventing, detecting, responding to and recovering from cybersecurity incidents. We use the National Institute for Standards in Technology security framework to evaluate our cybersecurity controls, which we work to continuously enhance.

We face a number of cybersecurity risks in connection with our business. Although such risks have not materially affected us, including our business strategy, results of operations or financial condition, we have experienced threats to our data and systems in the past, including malware and viruses. For a description of the risks we face from cybersecurity threats that may affect us and how, see our risk factors under Part 1. Item 1A in this Annual Report on Form 10-K, including under the heading "Disruptions to our information technology systems, including failure to prevent outages, maintain security, and prevent unauthorized access to our information technology systems and other confidential information, could disrupt our business and materially and adversely affect our reputation, consolidated results of operations, and financial condition."

Governance

Our Board of Directors has delegated oversight of our cybersecurity program to our Audit Committee, and this oversight responsibility is reflected in our Audit Committee charter. Our Audit Committee receives quarterly updates from our chief information security officer on the status of these programs. Our Audit Committee also receives a detailed presentation from our chief information security officer on our cybersecurity program annually, which includes the results of an external third-party assessment. Our Audit Committee is comprised solely of independent directors, with one member who is a subject matter expert in technology and cybersecurity.

Our management team is responsible for assessing and managing our material risks from cybersecurity threats, and has appointed a chief information security officer to lead our global cybersecurity organization for this purpose. Our executive management team and key members of our broader finance, legal, tech and operations organizations receive detailed monthly briefings from our chief information security officer on the status of our cybersecurity program and our readiness to prevent, detect, mitigate and recover from cybersecurity incidents.

Our chief information security officer leads our incident response team for addressing and recovering from identified cybersecurity incidents. Our incident response team includes key members of our tech, legal and executive management teams to manage our response efforts, which includes timely compliance with applicable contractual and regulatory notification obligations.

Item 2. ***Properties***

Our corporate headquarters is located in Dallas, Texas. We have 286 total operating facilities globally. In the U.S., we own or lease facilities in every state. In Canada, we own facilities in the provinces of Ontario, Quebec, Alberta, Nova Scotia, and New Brunswick. In the U.K., we own or lease twenty-two operating facilities. In Brazil, we own or lease twenty-five operating facilities. In the Republic of Ireland, we own one operating facility. In the U.A.E., Oman, and Bahrain, we lease one operating facility in each country. In Finland, we own or lease four operating facilities. In Germany, we own or lease nine operating facilities. In Spain, we own eight operating facilities and lease three additional storage locations. Purple Wave leases two locations in Manhattan Kansas. We believe that our existing facilities are adequate to meet current requirements and that suitable additional or substitute space will be available as needed to accommodate any expansion of operations and additional offices on commercially acceptable terms.

Item 3. ***Legal Proceedings***

For a discussion of Legal Proceedings that affect us, refer to the Notes to Consolidated Financial Statements, *Note 15 — Commitments and Contingencies* included in elsewhere in this report.

Item 4. ***Mine Safety Disclosure***

Not applicable.

PART II

n 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information

As of July 31, 2026, there were 926,298,293 shares of our common stock issued and outstanding. Our common stock has been quoted on the NASDAQ Global Select Market under the symbol "CPRT" since March 17, 1994. As of September 25, 2026, we had 674 holders of record of our common stock. On July 31, 2026, the last reported sale price of our common stock on the NASDAQ Global Select Market was $29.12 per share.

Repurchases of Our Common Stock

On September 22, 2011, our Board of Directors approved a 320 million share increase in our stock repurchase program, bringing the total current authorization to 784 million shares. The repurchases may be effected through solicited or unsolicited transactions in privately negotiated transactions or in the open market, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. No time limit has been placed on the duration of the stock repurchase program. Subject to applicable securities laws, such repurchases will be made at such times and in such amounts as we deem appropriate and may be discontinued at any time. For fiscal year 2026, we repurchased 43,433,164 shares of our common stock at a weighted average price of $37.63 per share totaling $1.6 billion. The Company did not repurchase any common stock under the program for fiscal years 2025 and 2024. As of July 31, 2026, the total number of shares repurchased under the program was 502 million, and subject to applicable limitations under Delaware law, 282 million shares were available for repurchase under the program.

In fiscal year 2026, certain employees held stock option awards that could be exercised through a cashless exercise. For the years ended July 31, 2026, 2025 and 2024, no employee exercised stock options through a cashless exercise. If exercised a portion of the options exercised will be net settled in satisfaction of the exercise price and employees' statutory withholding requirements. Any shares withheld for taxes are treated as a repurchase of shares for accounting purposes, but do not count against our stock repurchase program.

Dividend Policies

We have not paid a cash dividend since becoming a public company in 1994. We currently intend to retain any earnings for use in our business.

Issuances of Unregistered Securities

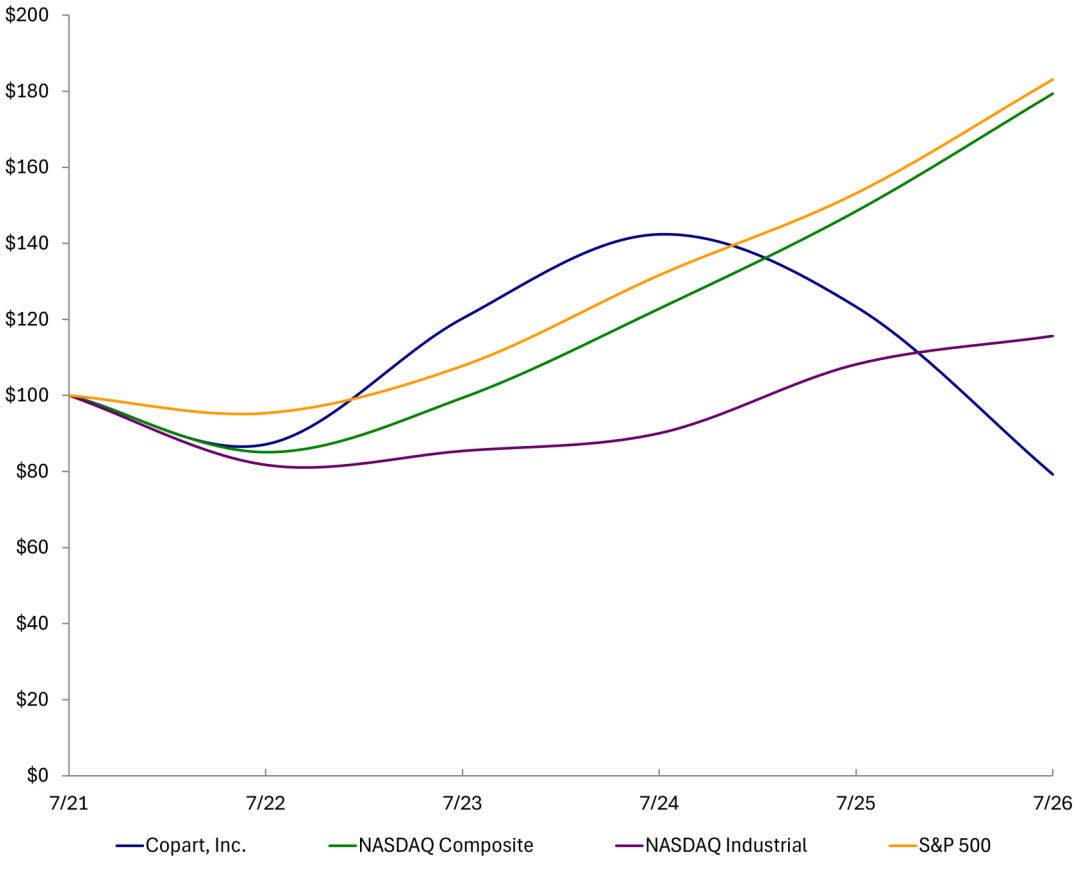
There were no issuances of unregistered securities in the year ended July 31, 2026.

Performance Graph

Notwithstanding any statement to the contrary in any of our previous or future filings with the SEC, the following information relating to the price performance of our common stock shall not be deemed "filed" with the SEC or "Soliciting Material" under the Exchange Act, or subject to Regulation 14A or 14C, or to liabilities of Section 18 of the Exchange Act except to the extent we specifically request that such information be treated as soliciting material or to the extent we specifically incorporate this information by reference.

The following is a line graph comparing the cumulative total return to stockholders of our common stock at July 31, 2026 since July 31, 2021, to the cumulative total return over such period of (i) the NASDAQ Composite Index, (ii) the NASDAQ Industrial Index, and (iii) the S&P 500 Index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Copart, Inc., the NASDAQ Composite Index,
the NASDAQ Industrial Index, and the S&P 500 Index



	Fiscal Year Ended July 31,					
	2021	2022	2023	2024	2025	2026
Copart, Inc.	$ 100.00	$ 87.14	$ 120.26	$ 142.39	$ 123.35	$ 79.24
NASDAQ Composite	$ 100.00	$ 85.05	$ 99.35	$ 122.82	$ 148.43	$ 179.39
NASDAQ Industrial	$ 100.00	$ 81.75	$ 85.41	$ 90.05	$ 108.15	$ 115.61
S&P 500 Index	$ 100.00	$ 95.36	$ 107.77	$ 131.64	$ 153.14	$ 183.10

* Assumes that $100.00 was invested on July 31, 2021 in our common stock, in the NASDAQ Composite Index, the NASDAQ Industrial Index, and the S&P 500 Index and that all dividends were reinvested. No dividends have been declared on our common stock. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

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Item 6. ***Reserved***

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following is a discussion and analysis of our financial condition and results of operations as of, and for, the periods presented and should be read in conjunction with our audited Consolidated Financial Statements and the related Notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion and analysis contains forward-looking statements, including statements regarding industry outlook, our expectations for the future of our business, and our liquidity and capital resources as well as other non-historical statements. These statements are based on current expectations and are subject to numerous risks and uncertainties, including but not limited to the risks and uncertainties described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by these forward-looking statements.

All references to numbered Notes are to specific Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K and which descriptions are incorporated by reference. Capitalized terms used, but not defined, in this Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A") have the same meanings as in such Notes.

Overview

We are a leading global provider of online auctions and vehicle remarketing services with operations in the United States ("U.S."), the United Kingdom ("U.K."), Germany, Canada, Brazil, Spain, the United Arab Emirates ("U.A.E."), Finland, the Republic of Ireland, Oman, and Bahrain.

Our goals are to generate sustainable profits for our stockholders, while also providing environmental and social benefits for the world around us. With respect to our environmental stewardship, we believe our business is a critical enabler for the global re-use and recycling of vehicles, parts, and raw materials. We are not responsible for the carbon emissions resulting from new vehicle manufacturing, governmental fuel emissions standards or vehicle use by consumers. Each vehicle that enters our business operations already exists, with whatever fuel technology and efficiency it was designed and built to have, and the substantial carbon emissions associated with the vehicle's manufacture have already occurred. However, upon our receipt of an existing vehicle, we help facilitate the decrease of its total environmental impact by extending its useful life and thereby avoiding the carbon emissions associated with the alternative of new vehicle and auto parts manufacturing. For example, many of the cars we process and remarket are subsequently restored to drivable condition, reducing the new vehicle manufacturing burden the world would otherwise face. Many of our cars are purchased by dismantlers, who recycle and refurbish parts for vehicle repairs, again reducing new and aftermarket parts manufacturing. Finally, some of our vehicles are returned to their raw material inputs through scrapping, thereby reducing the need for further new resource extraction. In each of these cases, our business facilitates the reduction of the carbon and other environmental footprint of the global transportation industry.

Beyond our environmental stewardship, we also support the world's communities in two important ways. First, we believe that we contribute to economic development and well-being by enabling more affordable access to mobility around the world. For example, many of the automobiles sold through our auction platform are purchased for use in developing countries where affordable transportation is a critical enabler of education, health care, and well-being. Secondly, we believe we play an important role in the communities we serve through our response to and management of catastrophic weather events. This includes our investments in equipment and infrastructure which support our overall disaster recovery efforts. For example, we mobilized our people, and engaged with a multitude of service providers to timely retrieve, store, and remarket tens of thousands of flood-damaged vehicles in South Florida in the wake of Hurricanes Helene and Milton in the fall of 2024.

We provide vehicle sellers with a full range of services to process and sell vehicles primarily over the internet through our Virtual Bidding Third Generation internet auction-style sales technology, which we refer to as VB3. Vehicle sellers consist primarily of insurance companies, but also include dealers, individuals, charities, rental car companies, banks, finance companies, and fleet operators. We obtained 79%, 81%, and 81% of the total number of vehicles processed during fiscal 2026, 2025, and 2024, respectively, from insurance company sellers. We sell the vehicles principally to licensed vehicle dismantlers, rebuilders, repair licensees, used vehicle dealers, exporters, and to the general public. The majority of the vehicles sold on behalf of insurance companies are either damaged vehicles deemed a total loss; not economically repairable by the insurance companies; or are recovered stolen vehicles for which an insurance settlement with the vehicle owner has already been made. We offer vehicle sellers a full range of services that help expedite each stage of the vehicle sales process, minimize administrative and processing costs, and maximize the ultimate sales price through the online auction process.

In the U.S., Canada, Brazil, the Republic of Ireland, Finland, the U.A.E., Oman, and Bahrain, we sell vehicles primarily as an agent and derive revenue primarily from auction and auction-related sales transaction fees charged for vehicle remarketing services as well as fees for services subsequent to the auction, such as delivery and storage. In the U.K., Germany, and Spain, we operate both as an agent and on a principal basis, in some cases purchasing salvage vehicles outright and reselling the

vehicles for our own account. In the U.K., we recognize revenue on a principal basis from selling dismantled parts through GPS. In Germany and Spain, we also derive revenue from listing vehicles on behalf of insurance companies and insurance experts to determine the vehicle's residual value and/or to facilitate a sale for the insured.

Key Financial Performance Measures

We monitor and analyze a number of key financial performance indicators in order to manage our business and evaluate our financial and operating performance. Such indicators include:

Service and Vehicle Sales Revenue: Our service revenues consist of auction and auction-related sales transaction fees charged for vehicle remarketing services. These auction and auction-related services may include a combination of the following: vehicle purchasing fees: vehicle listing fees; vehicle selling fees that can be based on a predetermined percentage of the vehicle sales price, tiered vehicle sales price fees, or at a fixed fee based on the sale of each vehicle regardless of the selling price of the vehicle; transportation fees for the cost of transporting the vehicle to or from our facility; title processing and preparation fees; vehicle storage fees; bidding fees; and vehicle loading fees. These fees are recognized as net revenue (not gross vehicle selling price) at the time of auction in the amount of such fees charged. Purchased vehicle revenue includes the gross sales price of the vehicles which we have purchased or are otherwise considered to own. We have certain contracts with insurance companies, primarily in the U.K., in which we act as a principal, purchasing vehicles and reselling them for our own account. We also purchase vehicles in the open market, primarily from individuals, and resell them for our own account.

Our revenue is impacted by several factors, including total loss frequency and the average vehicle auction selling price, as a significant amount of our service revenue is associated in some manner with the ultimate selling price of the vehicle. Vehicle auction selling prices are driven primarily by: (i) market demand for rebuildable, drivable vehicles; (ii) used car pricing, which we also believe has an impact on total loss frequency; (iii) end market demand for recycled and refurbished parts as reflected in demand from dismantlers; (iv) the mix of cars sold; (v) changes in the U.S. dollar exchange rate to foreign currencies, which we believe has an impact on auction participation by international buyers; and (vi) changes in commodity prices, particularly the per ton price for crushed car bodies, as we believe this has an impact on the ultimate selling price of vehicles sold for scrap and vehicles sold for dismantling. We cannot specifically quantify the financial impact that commodity pricing, used car pricing, and product sales mix has on the selling price of vehicles, our service revenues, or financial results. Total loss frequency is the percentage of cars involved in accidents that insurance companies salvage rather than repair and is driven by the relationship between repair costs, used car values, and auction returns. Over the past 30 years, we believe there has been an increase in overall growth in the salvage market driven by an increase in total loss frequency. This increase in total loss frequency may have been driven by changes in used car values and repair costs over the same long-term horizon, which we believe are generally trending upward. We believe the long-term trend of increases in total loss frequency will continue. In the near term changes in used car prices and repair cost are inversely related, but may impact total loss frequency and thereby affect our growth rate. Used car values are determined by many factors, including used car supply, which is tied directly to new car sales, and the average age of cars on the road. The average age of cars on the road has continued to increase, growing from 11.4 years in 2013 to 13.0 years in 2026. Repair costs are generally based on damage severity, vehicle complexity, repair parts availability, repair parts costs, labor costs, and repair shop lead times. The factors that can influence repair costs, used car pricing, and auction returns are many and varied, and we cannot predict their movements with precision.

Operating Costs and Expenses: Facility operations expenses consist primarily of: (i) labor (operating personnel at facilities); (ii) transportation (miles traveled and fuel rates); (iii) facilities (maintenance, property-related taxes, rent, and insurance); (iv) other (marketing and auction-related costs); and (v) costs of vehicles sold. General and administrative expenses consist primarily of executive management, accounting, data processing, sales personnel, professional services, marketing expenses, and technology enhancements and maintenance.

Other Income and Expense: Other income consists primarily of interest income on U.S. Treasury Bills, foreign exchange rate gains and losses; gains and losses from the disposal of assets, which will fluctuate based on the nature of these activities each period; fees and interest expense on the credit facility; and earnings from unconsolidated affiliates.

Liquidity and Cash Flows: Our primary source of working capital is cash flow from operations. The primary source of our liquidity is our cash and cash equivalents and our revolving credit commitments under our Senior Revolving Credit Agreement (the "2026 Credit Agreement"). The primary factors affecting cash flows from operations are: (i) seasonality; (ii) market wins and losses; (iii) supplier mix; (iv) accident frequency; (v) total loss frequency; (vi) volume from our existing suppliers; (vii) commodity pricing; (viii) used car pricing; (ix) foreign currency exchange rates; (x) product mix; (xi) contract mix to the extent

applicable; (xii) our capital expenditures; and (xiii) other macroeconomic factors. These factors are further discussed in the "Results of Operations" and "Risk Factors" sections of this Annual Report on Form 10-K.

We also generate additional working capital and liquidity from the sale of assets and the issuance of shares through option exercises and shares issued under our Employee Stock Purchase Plan. In addition, we believe we have access to additional liquidity from the sale of equity or debt securities, if needed.

Acquisitions and New Operations

As part of our overall expansion strategy of offering integrated services to vehicle sellers, we anticipate acquiring and developing facilities in new regions, as well as the regions currently served by our facilities. We believe that these acquisitions and openings will strengthen our coverage, as we have facilities located in the United States ("U.S."), the United Kingdom ("U.K."), Germany, Brazil, Canada, the United Arab Emirates ("U.A.E."), Spain, Finland, Oman, the Republic of Ireland, and Bahrain with the intention of providing global coverage for our sellers.

The following tables set forth operational facilities that we have opened and are now operational from August 1, 2023 through July 31, 2026:

United States Locations	Date
Rutland, Vermont	August 2023
Phoenix, Arizona	November 2023
Austin, Texas	June 2024
Casper, Wyoming	July 2024
Napa, California	October 2024
Laurel, Maryland	November 2024
Chicago, Illinois	May 2025
Cedar Rapids, Iowa	August 2025
Clewiston, Florida	August 2025
La Grange, North Carolina	February 2026
Vinton, Louisiana	February 2026
Spanaway, Washington	March 2026
Cusseta, Alabama	March 2026
Tampa, Florida	March 2026

International Locations	Geographic Service Area	Date
Corby, England	United Kingdom	October 2023
Glasgow, Scotland	United Kingdom	December 2023
Alhendin, Granada	Spain	January 2024
Gloucester, England	United Kingdom	March 2024
Barcelona, Spain	Spain	May 2024
Cookstown, Ontario	Canada	July 2024
St. Helens, England	United Kingdom	October 2024
Castellón, Spain	Spain	November 2024
Vitoria, Spain	Spain	December 2024
Eusebio, Ceará	Brazil	September 2025
Caçapava, São Paulo	Brazil	June 2026

The period-to-period comparability of our consolidated operating results and financial position is affected by business acquisitions, new openings, weather, and product introductions during such periods.

In addition to growth through business acquisitions, we seek to increase revenues and profitability by, among other things, (i) acquiring and developing additional vehicle storage facilities in key markets, including foreign markets; (ii) pursuing global, national, and regional vehicle seller agreements; (iii) increasing our service offerings; and (iv) expanding the application of VB3 into new markets. In addition, we implement our pricing structure and auction procedures, and attempt to introduce cost efficiencies at each of our acquired facilities by implementing our operational procedures, integrating our management information systems, and redeploying personnel, when necessary.

Recent Developments

On September 10, 2026, the Company entered into a definitive merger agreement to acquire ACV for $10.50 per share, net to the seller in cash, without interest, subject to any required withholding of taxes, representing an implied equity value of approximately $1.9 billion. The transaction is expected to close by the end of calendar year 2026. The consummation of such transaction is subject to the tender of a majority of the outstanding shares of ACV common stock, the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and other customary conditions.

Results of Operations

The following table shows certain data from our consolidated statements of income expressed as a percentage of total service revenues and vehicle sales for fiscal 2026, 2025, and 2024:

	Year Ended July 31,		
(In percentages)	**2026**	**2025**	**2024**
Service revenues and vehicle sales:			
Service revenues	85%	85%	84%
Vehicle sales	15%	15%	16%
Total service revenues and vehicle sales	100%	100%	100%
Operating expenses:			
Facility operations	42%	42%	40%
Cost of vehicle sales	13%	13%	15%
General and administrative	9%	9%	8%
Total operating expenses	64%	64%	63%
Operating income	36%	36%	37%
Total other income	4%	4%	3%
Income before income taxes	40%	40%	40%
Income tax expense	8%	7%	8%
Net income	32%	33%	32%

Comparison of Fiscal Years ended July 31, 2026, 2025 and 2024

The following table presents a comparison of service revenues for fiscal 2026, 2025, and 2024:

	Year Ended July 31,			2026 vs. 2025		2025 vs. 2024	
(In thousands)	**2026**	**2025**	**2024**	**Change**	**% Change**	**Change**	**% Change**
Service revenues							
United States	$ 3,388,287	$ 3,451,558	$ 3,126,102	$ (63,271)	(1.8)%	$ 325,456	10.4%
International	581,233	517,104	434,900	64,129	12.4%	$ 82,204	18.9%
Total service revenues	$ 3,969,520	$ 3,968,662	$ 3,561,002	$ 858	0.0%	$ 407,660	11.4%

Service Revenues. The increase in service revenues for fiscal 2026 of $0.9 million, or 0.0 % as compared to fiscal 2025 came from (i) a decrease in the U.S. of $(63.3) million, and (ii) an increase in International of $64.1 million. The decrease in service revenue in the U.S. was primarily related to the one-time revenue associated with hurricanes Helene and Milton recognized in fiscal year 2025 and a decrease in volume offset by an increase in revenue per car. The growth in International, after excluding positive fluctuations in currency exchange rates of $21.9 million, was driven primarily by an increase in revenue per car and increase in volume.

The following table presents a comparison of vehicle sales for fiscal 2026, 2025, and 2024:

(In thousands)	Year Ended July 31, 2026	2025	2024	2026 vs. 2025 Change	% Change	2025 vs. 2024 Change	% Change
Vehicle sales							
United States	$ 419,143	$ 403,546	$ 338,633	$ 15,597	3.9%	$ 64,913	19.2%
International	277,546	274,750	337,188	2,796	1.0%	(62,438)	(18.5)%
Total vehicle sales	$ 696,689	$ 678,296	$ 675,821	$ 18,393	2.7%	$ 2,475	0.4%

Vehicle Sales. The increase in vehicle sales for fiscal 2026 of $18.4 million, or 2.7% as compared to fiscal 2025 came from (i) an increase in the U.S. of $15.6 million and (ii) an increase in International of $2.8 million. The increase in the U.S. was primarily driven by an increase in revenue per car, which was due to a change in mix of vehicles sold, which was offset by a decrease in volume. The increase in International, after excluding positive fluctuations in currency exchange rates of $12.1 million was primarily driven by an increase in revenue per car, which was due to a change in mix of vehicles sold, which was offset by a decrease in volume related to sellers switching to a consignment model.

The following table presents a comparison of facility operations expense for fiscal 2026, 2025, and 2024:

(In thousands)	Year Ended July 31, 2026	2025	2024	2026 vs. 2025 Change	% Change	2025 vs. 2024 Change	% Change
Facility operations expenses							
United States	$ 1,634,412	$ 1,646,183	$ 1,440,707	$ (11,771)	(0.7)%	$ 205,476	14.3%
International	331,476	298,135	269,377	33,341	11.2%	28,758	10.7%
Total facility operations expenses	$ 1,965,888	$ 1,944,318	$ 1,710,084	$ 21,570	1.1%	$ 234,234	13.7%
Facility operations expenses, excluding depreciation and amortization							
United States	$ 1,466,238	$ 1,485,186	$ 1,297,102	$ (18,948)	(1.3)%	$ 188,084	14.5%
International	297,981	267,357	242,332	30,624	11.5%	25,025	10.3%
Facility depreciation and amortization							
United States	$ 168,174	$ 160,997	$ 143,605	$ 7,177	4.5%	$ 17,392	12.1%
International	33,495	30,778	27,045	2,717	8.8%	3,733	13.8%

Facility Operations Expenses. The increase in facility operations expenses for fiscal 2026 of $21.6 million, or 1.1% as compared to fiscal 2025 resulted from (i) a decrease in the U.S. of $(11.8) million, and (ii) an increase in International of $33.3 million. The decrease in the U.S. compared to the same period last year was related to one-time costs associated with hurricanes Helene and Milton recognized in fiscal year 2025 offset by increases in subhaul, freight and postage. The increase in International, after excluding negative fluctuations in currency exchange rates of $(12.5) million, was the result of an increase in the cost to process a car. Included in facility operations expenses were depreciation and amortization expenses. The increase in facility operations depreciation and amortization expenses as compared to the same period last year resulted primarily from depreciating new and expanded facilities placed into service in the U.S. and International.

The following table presents a comparison of cost of vehicle sales for fiscal 2026, 2025, and 2024:

(In thousands)	Year Ended July 31, 2026	2025	2024	2026 vs. 2025 Change	% Change	2025 vs. 2024 Change	% Change
Cost of vehicle sales							
United States	$ 391,028	$ 378,100	$ 313,449	$ 12,928	3.4%	$ 64,651	20.6%
International	225,435	224,897	306,038	538	0.2%	(81,141)	(26.5)%
Total cost of vehicle sales	$ 616,463	$ 602,997	$ 619,487	$ 13,466	2.2%	$ (16,490)	(2.7)%

Cost of Vehicle Sales. The increase in cost of vehicle sales for fiscal 2026 of $13.5 million, or 2.2% as compared to fiscal 2025, was the result of (i) an increase in the U.S. of $12.9 million and (ii) an increase in International of $0.5 million. The increase in the U.S. was primarily the result of a change in the mix of vehicles sold, offset by a decrease in volume. The increase in International, after excluding the negative fluctuations of currency exchange rates of $(10.6) million, was primarily due to an increase in average purchase price due to change in the mix of vehicles sold offset by a decrease in volume related to sellers switching to a consignment model.

The following table presents a comparison of general and administrative expenses for fiscal 2026, 2025, and 2024:

(In thousands)	Year Ended July 31, 2026	2025	2024	2026 vs. 2025 Change	% Change	2025 vs. 2024 Change	% Change
General and administrative expenses							
United States	$ 362,950	$ 349,935	$ 282,545	$ 13,015	3.7%	$ 67,390	23.9%
International	68,318	52,994	52,684	15,324	28.9%	310	0.6%
Total general and administrative expenses	$ 431,268	$ 402,929	$ 335,229	$ 28,339	7.0%	$ 67,700	20.2%
General and administrative expenses, excluding depreciation and amortization							
United States	$ 336,375	$ 326,906	$ 264,465	$ 9,469	2.9%	$ 62,441	23.6%
International	67,189	51,949	51,653	15,240	29.3%	296	0.6%
General and administrative depreciation and amortization							
United States	$ 26,575	$ 23,029	$ 18,080	$ 3,546	15.4%	$ 4,949	27.4%
International	1,129	1,045	1,031	84	8.0%	14	1.4%

General and Administrative Expenses. The increase in general and administrative expenses for fiscal 2026 of $28.3 million, or 7.0% as compared to fiscal 2025 came primarily from (i) an increase in the U.S. of $13.0 million, and (ii) an increase in International of $15.3 million. Excluding depreciation and amortization, the increase in the U.S. of $9.5 million resulted primarily from an increase in labor (as a result of investment in the business and the expansion of our sales force), travel, insurance, and third party outside services offset by decreases in legal, compliance, and stock-based compensation. The increase in International of $15.2 million, after excluding the negative fluctuations in currency exchange rates of $(2.9) million, resulted primarily from an increase in labor, stock-based compensation, and third party outside services (including consulting and legal). The increase in depreciation and amortization expenses was the result of the addition of technology assets being placed in service in the U.S. and International.

The following table summarizes total other expenses and income taxes for fiscal 2026, 2025, and 2024:

(In thousands)	Year Ended July 31, 2026	2025	2024	2026 vs. 2025 Change	% Change	2025 vs. 2024 Change	% Change
Total other income	$ 182,387	$ 198,867	$ 142,578	$ (16,480)	(8.3)%	$ 56,289	39.5%
Income taxes	354,580	347,218	352,254	7,362	2.1%	(5,036)	(1.4)%

Other Income (Expenses). The decrease in total other income for fiscal 2026 of $(16.5) million, or (8.3)% as compared to fiscal 2025 was primarily due to a decrease in gain on sale of fixed assets, and realized and unrealized foreign currency gains offset by increase in interest income earned from U.S. Treasury Bills.

Income Taxes. Our effective income tax rates were 19.3% and 18.3%, for fiscal 2026 and 2025, respectively. The current and prior year's effective tax rate was computed based on the U.S. federal statutory tax rate of 21.0%. The effective tax rate for the fiscal year ended July 31, 2026 was favorably impacted by a $46.7 million tax benefit related to the Foreign Derived Intangible Income "FDII" deduction and $6.6 million in excess tax benefits from the exercise of employee stock options and negatively impacted by $21.5 million related to state income taxes. The effective tax rate for the fiscal year ending July 31, 2025 was favorably impacted by a $55.0 million tax benefit related to the FDII deduction and $36.7 million in excess tax benefits from the exercise of employee stock options and negatively impacted by $38.6 million related to state income taxes.

Discussion of Fiscal Year ended July 31, 2025 compared to Fiscal Year ended July 31, 2024

For a discussion of fiscal 2025 as compared to fiscal 2024, please refer to Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the fiscal year ended July 31, 2025, filed with the SEC on September 26, 2025.

Liquidity and Capital Resources

The following table presents a comparison of key components of our liquidity and capital resources for fiscal 2026, 2025, and 2024, excluding additional funds available to us under our 2026 Credit Agreement:

(In thousands)	July 31, 2026	2025	2024	2026 vs. 2025 Change	% Change	2025 vs. 2024 Change	% Change
Cash, cash equivalents, and restricted cash	$ 1,907,901	$ 2,780,531	$ 1,514,111	$ (872,630)	(31.4)%	$ 1,266,420	83.6%
Working capital	4,864,453	5,071,347	3,789,617	(206,894)	(4.1)%	1,281,730	33.8%

(In thousands)	Year Ended July 31, 2026	2025	2024	2026 vs. 2025 Change	% Change	2025 vs. 2024 Change	% Change
Operating cash flows	$ 1,604,492	$ 1,799,750	$ 1,472,564	$ (195,258)	(10.8)%	$ 327,186	22.2%
Investing cash flows	(877,601)	(587,448)	(940,079)	(290,153)	49.4%	352,631	(37.5)%
Financing cash flows	(1,606,854)	52,107	19,273	(1,658,961)	(3183.8)%	32,834	170.4%
Capital expenditures and acquisitions	$ (342,367)	(570,213)	(493,328)	$ 227,846	(40.0)%	$ (76,885)	15.6%

Cash, cash equivalents, and restricted cash decreased $872.6 million and working capital decreased $206.9 million at July 31, 2026, as compared to July 31, 2025. Cash, cash equivalents, and restricted cash decreased primarily as result of the repurchase of common stock as part of our stock repurchase program and investment in held to maturity securities offset by decrease in capital expenditures. Cash equivalents consisted of bank deposits, certificates of deposit, U.S. Treasury Bills, and funds invested in money market accounts, which bear interest at variable rates.

Historically, we have financed our growth through cash generated from operations, public offerings of common stock, equity issued in conjunction with certain acquisitions, and debt financing. Our primary source of cash generated by operations is from the collection of service fees and reimbursable advances from the proceeds of vehicle sales. We expect to continue to use cash flows from operations to finance our working capital needs and to develop and grow our business, including through the payment of the expected $1.9 billion aggregate cash purchase price for ACV under the Merger Agreement. In addition to our stock repurchase program, we are considering a variety of alternative potential uses for our remaining cash balances and our cash flows from operations. For further detail, see Notes to Consolidated Financial Statements, *NOTE 9 – Long-Term Debt* and *NOTE 12 — Stockholders' Equity* and under the subheading "*Credit Agreement*" below.

Our business is seasonal as inclement weather during the winter months increases the frequency of accidents and consequently, the number of cars involved in accidents which the insurance companies salvage rather than repair. During the winter months, most of our facilities process 5% to 20% more vehicles than at other times of the year. Severe weather events, including but not limited to tornadoes, floods, hurricanes, and hailstorms, can also impact our volumes. These increased volumes require the increased use of our cash to pay out advances and handling costs of the additional business.

We believe that our currently available cash and cash equivalents and cash generated from operations will be sufficient to satisfy our operating and working capital requirements in the foreseeable future. We expect to acquire or develop additional locations and expand some of our current facilities in the foreseeable future. We may raise additional cash through drawdowns on our 2026 Credit Agreement or issuance of additional equity to fund this expansion. Although the timing and magnitude of growth through expansion and acquisitions are not predictable, the opening of new greenfield facilities is contingent upon our ability to locate property that (i) is in an area in which we have a need for more capacity; (ii) has adequate size given the capacity needs; (iii) has the appropriate shape and topography for our operations; (iv) is reasonably close to a major road or highway; and (v) most importantly, has the appropriate zoning for our business.

As of July 31, 2026, $598.3 million of the $1.9 billion of cash, cash equivalents, and restricted cash was held by our foreign subsidiaries. If these funds are needed for our operations in the U.S., the repatriation of these funds could still be subject to the foreign withholding tax following the U.S. Tax Reform. However, our intent is to permanently reinvest these funds outside of the U.S. and our current plans do not require repatriation to fund our U.S. operations.

Net cash provided by operating activities decreased for fiscal 2026 as compared to fiscal 2025 due to reduction in net income primarily from an increase in facility operations and general and administrative expenses, and changes in operating assets and liabilities. The change in operating assets and liabilities was primarily the result of an increase in accounts receivable of $46.8 million, income tax receivable of $48.7 million, vehicle pooling costs of $23.1 million, and inventory of $16.1 million, partially offset by an decrease in accounts payable of $37.1 million.

Net cash used in investing activities increased for fiscal 2026 as compared to fiscal 2025 due primarily to an increase in investments in held to maturity securities, offset by a decrease in capital expenditures. Our capital expenditures are primarily related to acquiring land, opening and improving facilities, capitalized software development costs for new software for internal use and major software enhancements, acquiring facility equipment, and lease buyouts of certain facilities. We continue to develop, expand, and invest in new and existing facilities and standardize the appearance of existing locations. As of July 31, 2026, we had no material non-cancelable commitments for future capital expenditures.

Net cash used in financing activities increased in fiscal 2026 as compared to fiscal 2025 due primarily to repurchases of common stock as part of our stock repurchase program.

For a discussion of fiscal 2025 as compared to fiscal 2024, please refer to Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the fiscal year ended July 31, 2025, filed with the SEC on September 26, 2025.

Credit Agreement

On January 23, 2026, we entered into the 2026 Credit Agreement by and among Copart, certain subsidiaries of Copart party thereto, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent. The 2026 Credit Agreement provides for an unsecured revolving credit facility in an aggregate principal amount of up to $1,250 million, including subfacilities for standby letters of credit and swingline loans. The 2026 Credit Agreement matures on January 23, 2031. The 2026 Credit Agreement replaced the previous secured credit facility under the credit agreement dated December 21, 2021 by and among Copart, certain subsidiaries of Copart party thereto, the lenders party thereto, and Bank of America, N.A., as the administrative agent (the "Second Amended and Restated Credit Agreement"), which was scheduled to mature on December 21, 2026.

Borrowings under the 2026 Credit Agreement bear interest based on Copart's option, either (1) the applicable fixed rate plus 0.75% to 1.125% or (2) the daily rate plus 0.0% to 0.125%, in each case, depending on Copart's consolidated total net leverage ratio. Additionally, the unused revolving commitments under the 2026 Credit Agreement are subject to the payment of a customary commitment fee at a range of 0.05% to 0.125%, depending on Copart's consolidated total net leverage ratio. As of July 31, 2026, the Company had outstanding letters of credit of $22.5 million and the unused capacity of $1,227.5 million was available to us.

The 2026 Credit Agreement contains representations and warranties, conditions, and covenants. As of July 31, 2026, we were in compliance with these financial covenants.

In connection with entering into the 2026 Credit Agreement, we incurred $1.5 million in costs, which were capitalized as debt issuance fees. The debt issuance cost is amortized to interest expense over the term of the debt instrument and is included in other assets on the consolidated balance sheet.

For further detail on the 2026 Credit Agreement, see Notes to Consolidated Financial Statements, *NOTE 9 – Long-Term Debt.*

Stock Repurchases

On September 22, 2011, our Board of Directors approved a 320 million share increase in our stock repurchase program, bringing the total current authorization to 784 million shares. The repurchases may be effected through solicited or unsolicited transactions in the open market, including under plans complying with Rule 10b5-1, or in privately negotiated transactions. No time limit has been placed on the duration of the stock repurchase program. Subject to applicable securities laws, such repurchases will be made at such times and in such amounts as we deem appropriate and may be discontinued at any time. For fiscal year 2026, we repurchased 43,433,164 shares of our common stock under the program at a weighted average price of $37.63 per share totaling $1.6 billion. As of July 31, 2026, the total number of shares repurchased under the program was 502 million, and subject to applicable limitations under Delaware law, 282 million shares were available for repurchase under the program.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities,

revenues, expenses, and related disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

We consider the following policies to be the most critical to understanding the judgments that are involved and the uncertainties that could impact our results of operations, financial condition, and cash flows. For additional information, see *NOTE 1 – Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements.

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and related Notes.

Revenue Recognition

Our primary performance obligation is the auctioning of consigned vehicles through an online auction process. Service revenue and vehicle sales revenue are recognized at the date the vehicles are sold at auction, excluding annual registration fees. Costs to prepare the vehicles for auction, including inbound transportation costs and titling fees, are deferred and recognized at the time of revenue recognition at auction.

Our disaggregation between service revenues and vehicle sales at the segment level reflects how the nature, timing, amount, and uncertainty of our revenues and cash flows are impacted by economic factors. We report sales taxes on relevant transactions on a net basis in our consolidated results of operations, and therefore do not include sales taxes in revenues or costs.

Service revenues

Our service revenues consist of auction and auction-related sales transaction fees charged for vehicle remarketing services. Within this revenue category, our primary performance obligation is the auctioning of consigned vehicles through an online auction process. These auction and auction-related services may include a combination of vehicle purchasing fees, vehicle listing fees, and vehicle selling fees that can be based on a predetermined percentage of the vehicle sales price, tiered vehicle sales price driven fees, or at a fixed fee based on the sale of each vehicle regardless of the selling price of the vehicle; transportation fees for the cost of transporting the vehicle to our facility; title processing and preparation fees; vehicle storage fees; bidding fees; and vehicle loading fees. These services are not distinct within the context of the contract. Accordingly, revenue for these services is recognized when the single performance obligation is satisfied at the completion of the auction process. We do not take ownership of these consigned vehicles which are stored at our facilities located throughout the U.S. and international locations. These fees are recognized as net revenue (not gross vehicle selling price) at the time of auction in the amount of such fees charged.

We have a separate performance obligation related to providing access to our online auction platform. We charge members an annual registration fee for the right to participate in our online auctions and access our bidding platform. This fee is recognized ratably over the term of the arrangement, generally one year, as each day of access to the online auction platform represents the best depiction of the transfer of the service.

No provision for returns has been established, as all sales are final with no right of return or warranty, except for separately identified vehicles subject to an arbitration policy, although we provide for expected credit losses in the case of non-performance by our buyers or sellers.

	Year Ended July 31,		
(In thousands)	**2026**	**2025**	**2024**
Service revenues			
United States	$ 3,388,287	$ 3,451,558	$ 3,126,102
International	581,233	517,104	$ 434,900
Total service revenues	$ 3,969,520	$ 3,968,662	$ 3,561,002

Vehicle sales

Certain vehicles are purchased and remarketed on our own behalf. We have a single performance obligation related to the sale of these vehicles, which is the completion of the online auction process. Vehicle sales revenue is recognized on the auction date. As we act as a principal in vehicle sales transactions, the gross sales price at auction is recorded as revenue.

	Year Ended July 31,		
(In thousands)	**2026**	**2025**	**2024**
Vehicle sales			
United States	$ 419,143	$ 403,546	$ 338,633
International	$ 277,546	$ 274,750	$ 337,188
Total vehicle sales	$ 696,689	$ 678,296	$ 675,821

Contract assets

We capitalize certain contract assets related to obtaining a contract, where the amortization period for the related asset is greater than one year. These assets are amortized over the expected life of the customer agreement. Contract assets are classified as current or long-term other assets, based on the timing of when we expect to recognize the related revenues and are amortized as an offset to the associated revenues on a straight-line basis. We assess these costs for impairment at least quarterly and as "triggering" events occur that indicate it is more likely than not that an impairment exists. The contract asset costs where the amortization period for the related asset is one year or less are expensed as incurred and recorded within general and administrative expenses in the accompanying consolidated statements of income.

Income Taxes

In determining net income for financial statement purposes, we must make certain estimates and judgments in the calculation of tax provisions and the resultant tax liabilities.

Deferred income tax assets and liabilities are recognized based on differences between the financial reporting and income tax basis of assets and liabilities and are measured using the tax rates and laws enacted at the time of such determination. We regularly review our deferred tax assets for recoverability, and a valuation allowance is provided when it is more likely than not that some portion of a deferred tax asset will not be realized. In assessing the need for a valuation allowance, we make estimates and assumptions regarding projected future taxable income, the reversal of deferred tax liabilities and implementation of tax planning strategies. Changes in our assumptions could cause an increase or decrease to the valuation allowance resulting in an increase or decrease in our effective tax rate.

We recognize liabilities when we determine a tax position is not more likely than not to be sustained upon examination by the tax authorities. We use judgment in determining whether a tax position's technical merits are more likely than not to be sustained and in measuring the amount of tax benefit that qualifies for recognition. We recognize penalties and interest accrued related to income taxes as a component of the provision for income taxes. Although we believe the estimates are reasonable, no assurance can be given that the final outcome of these matters will not be different from what is reflected in the historical income tax provisions and accruals.

Recently Issued Accounting Standards

For a description of the new accounting standards that affect us, refer to the Notes to Consolidated Financial Statements, *NOTE 1 – Summary of Significant Accounting Policies.*

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Our principal exposures to financial market risk are interest rate risk and foreign currency exchange rate and translation risk. We do not hold or issue financial instruments for trading purposes.

Interest Income Risk

The primary objective of our investment activities is to preserve principal while secondarily maximizing yields without significantly increasing risk. To achieve this objective in the current uncertain global financial markets, all cash and cash equivalents were held in bank deposits, U.S. Treasury Bills, and money market funds as of July 31, 2026. As the interest rates on a material portion of our cash and cash equivalents are variable, a change in interest rates earned on our investment portfolio would impact interest income along with cash flows, but would not materially impact the fair market value of the related underlying instruments. Based on the average cash balance held for fiscal 2026, a hypothetical 10% adverse change in our interest yield would not have materially affected our operating results.

Interest Expense Risk

The 2026 Credit Agreement bears interest, at our election, at either (1) the applicable fixed rate plus 0.75% to 1.125% or (2) the daily rate plus 0.0% to 0.125%, in each case, depending on the Company's consolidated total net leverage ratio. Additionally, the unused revolving commitments under the 2026 Credit Agreement are subject to the payment of a customary commitment fee at a range of 0.05% to 0.125%, depending on the Company's consolidated total net leverage ratio. If interest rates were to increase by 10% it would not materially affect our operating results.

Foreign Currency and Translation Exposure

Fluctuations in foreign currencies create volatility in our reported results of operations because we are required to consolidate the results of operations of our foreign currency denominated subsidiaries. International net revenues are typically denominated in the local currency of each country and result from transactions by our operations in Canada, the U.K., Brazil, the Republic of Ireland, Germany, Finland, the U.A.E., Oman, Bahrain, and Spain. These operations also incur a majority of their expenses in the following local currencies, the Pounds Sterling, Canadian dollar, Brazilian real, European Union euro, U.A.E. dirham, Omani rial, and Bahraini dinar. Our international operations are subject to risks associated with foreign exchange rate volatility, which could have a material and adverse impact on our future results of operations. A hypothetical 10% adverse change in the value of the U.S. dollar relative to Pounds Sterling, Canadian dollar, Brazilian real, European Union euro, U.A.E. dirham, Omani rial, and Bahraini dinar would not materially affect our operating results for fiscal 2026.

Fluctuations in foreign currencies also create volatility in our consolidated financial position because we are required to remeasure substantially all assets and liabilities held by our foreign subsidiaries at the current exchange rate at the close of the accounting period. At July 31, 2026, the cumulative effect of foreign exchange rate fluctuations on our consolidated financial position was a net translation loss of $109.8 million. This loss was recognized as an adjustment to stockholders' equity through accumulated other comprehensive income. A hypothetical 10% adverse change in the value of the U.S. dollar relative to Pounds Sterling, Canadian dollar, Brazilian real, European Union euro, U.A.E. dirham, Omani rial, and Bahraini dinar. would not have materially affected our consolidated financial position. We do not hedge our exposure to translation risks arising from fluctuations in foreign currency exchange rates.

Item 8. ***Financial Statements and Supplementary Data***

The response to this item is submitted as a separate section of this Annual Report on Form 10-K in Item 15. See Part IV, Item 15(a) for an index to the consolidated financial statements and supplementary financial information.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of our "disclosure controls and procedures" ("Disclosure Controls"), as defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of July 31, 2026, the end of the period covered by this Annual Report on Form 10-K. The Disclosure Controls evaluation was done under the supervision and with the participation of management, including our CEO and CFO. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon this evaluation, our CEO and CFO have concluded that, our Disclosure Controls were effective at the reasonable assurance level as of July 31, 2026.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate over time.

Management, including our CEO and CFO, assessed the effectiveness of the Company's internal control over financial reporting as of July 31, 2026. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013). Based on its assessment and those criteria, management has concluded that the Company maintained effective internal control over financial reporting as of July 31, 2026. Ernst & Young LLP, the independent registered public accounting firm that audited our Consolidated Financial Statements included in this Annual Report on Form 10-K, has issued an attestation report on our internal control over financial reporting, which is included herein.

Changes in Internal Control over Financial Reporting

In the ordinary course of business, we make changes to our systems and processes to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems and automating manual processes. In the first quarter of fiscal 2025, we began implementing a new financial system, which will be completed in stages. The first stage of the system implementation included our member billing in the United States which is now complete. The second stage consists of seller billing in the United States and is in the development stage. This new financial system is a significant component of our internal control over financial reporting. We will continue to implement our new financial system, in stages, and each implementation will become a significant component of our internal control over financial reporting.

Except for the new financial system implementation noted above, there have been no changes in our internal control over financial reporting during the most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Copart, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Copart, Inc.'s internal control over financial reporting as of July 31, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Copart, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of July 31, 2026, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2026 consolidated financial statements of the Company, and our report dated September 28, 2026, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Dallas, Texas
September 28, 2026

Item 9B. ***Other Information***

During the three months ended July 31, 2026, no director or officer of the Company adopted or terminated any "Rule 10b5-1 trading arrangement," or any "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408(a) of Regulation S-K.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not applicable.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K because we intend to file a definitive proxy statement for our 2026 Annual Meeting of Stockholders ("the Proxy Statement") not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and certain information to be included therein is incorporated herein by reference.

Item 10. ***Directors, Executive Officers and Corporate Governance***

Information required by this item is incorporated by reference to the proposal captioned "Election of Directors," and the sections titled "Corporate Governance and Board of Directors" and "Related Person Transactions" in our Proxy Statement.

Delinquent Section 16(a) Reports

There were no delinquent Section 16(a) Reports during fiscal 2026.

Code of Ethics

We have adopted the Copart, Inc. Code of Ethics for Principal Executive and Senior Financial Officers ("Code of Ethics"). The Code of Ethics applies to our principal executive officer, our principal financial officer, our principal accounting officer or controller, and persons performing similar functions and responsibilities who shall be identified by our Audit Committee from time to time.

The Code of Ethics is available on the Investor Relations page at our website, located at http://www.copart.com. The information contained on, or accessible through, out website is not incorporated by reference into, and does not consitute a part of, this Form 10-K.

We intend to satisfy disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Ethics by posting such information on our website, at the address and location specified above, or as otherwise required by the NASDAQ Global Select Market.

Insider Trading Arrangements and Policies

We have adopted insider trading policies and procedures governing the purchase, sale, and/or other dispositions of the Company's securities by directors, officers and employees, or the Company itself, that are reasonably designed to promote compliance with insider trading laws, rules and regulations, and any listing standards applicable to the Company. A copy of the Company's insider trading policy has been filed as Exhibit 19.1 to this Annual Report on Form 10-K.

Item 11. ***Executive Compensation***

The information required by this item is incorporated herein by reference from the Proxy Statement under the headings "Executive Compensation Tables," "Compensation of Directors and Chairman of the Board," and "Corporate Governance and Board of Directors."

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this item is incorporated herein by reference from the Proxy Statement under the headings "Security Ownership" and "Executive Compensation Tables," subheading "Equity Compensation Plan Information."

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required by this item is incorporated herein by reference from the Proxy Statement under the headings "Related Person Transactions," "Corporate Governance and Board of Directors," and under the proposal captioned "Election of Directors."

Item 14. ***Principal Accounting Fees and Services***

The information required by this item is incorporated herein by reference from the proposal captioned "Ratification of Appointment of Independent Registered Public Accounting Firm" in the Proxy Statement.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

The following documents are filed as part of this Form 10-K:

(a) Financial statements:

Our consolidated financial statements at July 31, 2026 and 2025 and for each of the three years in the period ended July 31, 2026 and the notes thereto, together with the report of the independent registered public accounting firm on those consolidated financial statements are hereby filed as part of this Annual Report on Form 10-K.

(b) Financial statement schedules:

No financial statement schedules are presented since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

(c) Exhibits:

Exhibits required to be filed by this Item 15 are set forth in the Exhibit Index accompanying this Annual Report on Form 10-K.

Item 16. ***Form 10-K Summary***

None.

EXHIBIT INDEX

The following Exhibits are filed as part of, or incorporated by reference into this report.

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
3.1	Amended and Restated Certificate of Incorporation of Copart, Inc.	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 3.1	November 2, 2022
3.2	Amended and Restated Bylaws of Copart, Inc.	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 3.1	March 12, 2024
4.1	Description of Capital Stock	—	Filed herewith
10.1*	Copart Inc. 2007 Equity Incentive Plan, as Amended and Restated (2007 EIP)	—	Filed herewith
10.2*	Form of Performance Share Award Agreement for use with 2007 EIP	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.1	December 12, 2007
10.3*	Form of Restricted Stock Unit Award Agreement for use with 2007 EIP	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.3	December 12, 2007
10.4*	Form of Stock Option Award Agreement for use with 2007 EIP	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.5	December 12, 2007
10.5*	Form of Restricted Stock Award Agreement for use with 2007 EIP	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.4	December 12, 2007
10.6*	Copart, Inc. Executive Bonus Plan	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.1	March 5, 2021
10.7*	Form of Indemnification Agreement signed by executive officers and directors	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.1	May 26, 2023
10.8*	Copart, Inc. 2014 Employee Stock Purchase Plan	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.1	December 5, 2014
10.9*	Executive Officer Employment Agreement, effective January 4, 2016, between the Registrant and Jeffrey Liaw.	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.26	November 23, 2015
10.10	Senior Revolving Credit Agreement, dated as of January 23, 2026, by and among Copart, Inc., the subsidiaries of Copart, Inc. party thereto, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent.	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.1	January 26, 2026
10.11*	Executive Officer Employment Agreement, effective December 5, 2022, between the registrant and Leah Stearns	Quarterly Report on Form 10-Q (File No. 000-23255), Exhibit No. 10	February 24, 2023

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
10.12*	Transition and Separation Agreement and General Release, dated June 25, 2026, by and between the Company and Jeffrey Liaw	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.1	June 29, 2026
10.13*	Omnibus Amendment to Award Agreements under the Copart, Inc. 2007 Equity Incentive Plan, dated June 25, 2026, by and between the Company and Jeffrey Liaw	Current Report on Form 8-K (File No. 000-23255), Exhibit No. 10.2	June 29, 2026
10.14*	Employment Agreement between the Registrant and Jane Pocock	—	Filed herewith
10.15*	Outside Director Compensation Program	Annual Report on Form 10-K (File No. 000-23255), Exhibit 10.12	September 30, 2024
10.16	Corporate Aircraft Personal Use Policy	Current Report on Form 8-K (File No. 000-23255), Exhibit 10.1	March 12, 2024
19.1	Insider Trading Policy	Annual Report on Form 10-K (File No. 000-23255), Exhibit 19.1	September 26, 2025
21.1	List of subsidiaries of Registrant	—	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm	—	Filed herewith
24.1	Power of Attorney (included on signature page)	—	Filed herewith
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	Filed herewith
32.1(1)	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	Filed herewith
32.2(1)	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	Filed herewith
97.1	Compensation Recovery Policy	Annual Report on Form 10-K (File No. 000-23255), Exhibit 97.1	September 30, 2024
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.		
101.SCH	XBRL Taxonomy Extension Schema Document		
104	Cover Page Interactive Data File, formatted in Inline Extensible Business Reporting Language (iXBRL).		

(1) In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

Management contract, plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COPART, INC.

By: /s/ A. JAYSON ADAIR

A. Jayson Adair
Chief Executive Officer
(Principal Executive Officer)

Date: September 28, 2026

COPART, INC.

By: /s/ LEAH STEARNS

Leah Stearns
Chief Financial Officer
(Principal Financial and Accounting Officer and duly Authorized Officer)

Date: September 28, 2026

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints A. Jayson Adair and Leah Stearns, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

ok

Signature	Capacity in Which Signed	Date
/s/ A. JAYSON ADAIR A. Jayson Adair	Chief Executive Officer (Principal Executive Officer)	September 28, 2026
/s/ LEAH STEARNS Leah Stearns	Chief Financial Officer (Principal Financial and Accounting Officer)	September 28, 2026
/s/ WILLIS J. JOHNSON Willis J. Johnson	Chairman of the Board	September 28, 2026
/s/ DAVID J. BERGER David J. Berger	Director	September 28, 2026
/s/ MATT BLUNT Matt Blunt	Director	September 28, 2026
/s/ STEVEN D. COHAN Steven D. Cohan	Director	September 28, 2026
/s/ DANIEL ENGLANDER Daniel Englander	Director	September 28, 2026
/s/ STEPHEN FISHER Stephen Fisher	Director	September 28, 2026
/s/ CHERYLYN HARLEY LEBON Cherylyn Harley LeBon	Director	September 28, 2026
/s/ JAMES E. MEEKS James E. Meeks	Director	September 28, 2026
/s/ DIANE M. MOREFIELD Diane M. Morefield	Director	September 28, 2026
/s/ CARL SPARKS Carl Sparks	Director	September 28, 2026
/s/ THOMAS N. TRYFOROS Thomas N. Tryforos	Director	September 28, 2026

Copart, Inc.
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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Copart, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Copart, Inc. (the Company) as of July 31, 2026 and 2025, the related consolidated statements of income, comprehensive income, changes in redeemable noncontrolling interests and stockholders' equity, and cash flows for each of the three years in the period ended July 31, 2026, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at July 31, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2026, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of July 31, 2026, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated September 28, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2006.
Dallas, Texas
September 28, 2026

COPART, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	July 31, 2026	July 31, 2025
ASSETS		
Current assets:		
Cash, cash equivalents, and restricted cash	$ 1,907,901	$ 2,780,531
Investment in held to maturity securities	2,581,901	2,008,539
Accounts receivable, net of allowance for credit losses of $18,551 and $12,945, respectively	809,247	762,811
Vehicle pooling costs	122,948	116,145
Inventories	51,382	39,661
Income taxes receivable	49,856	580
Prepaid expenses and other assets	44,959	46,361
Total current assets	5,568,194	5,754,628
Property and equipment, net	3,733,220	3,598,093
Operating lease right-of-use assets	83,728	99,708
Intangibles, net	50,477	62,832
Goodwill	511,297	517,779
Other assets	80,894	57,862
Total assets	$ 10,027,810	$ 10,090,902
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 634,675	$ 591,831
Deferred revenue	32,466	30,440
Income taxes payable	21,437	41,141
Current portion of operating and finance lease liabilities	15,163	19,869
Total current liabilities	703,741	683,281
Deferred income taxes	127,918	80,625
Income taxes payable	9,067	35,635
Operating and finance lease liabilities, net of current portion	73,204	83,870
Total liabilities	913,930	883,411
Commitments and contingencies		
Redeemable non-controlling interest	16,585	20,458
Stockholders' equity:		
Preferred stock: $0.0001 par value—5,000,000 shares authorized; none issued	—	—
Common stock: $0.0001 par value—1,600,000,000 shares authorized; 926,298,293 and 967,478,690 shares issued and outstanding, respectively	93	97
Additional paid-in capital	1,226,354	1,214,150
Accumulated other comprehensive loss	(109,778)	(120,283)
Retained earnings	7,980,626	8,093,069
Total stockholders' equity	9,097,295	9,187,033
Total liabilities, redeemable noncontrolling interests and stockholders' equity	$ 10,027,810	$ 10,090,902

The accompanying notes are an integral part of these consolidated financial statements.

COPART, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Year Ended July 31,		
	2026	2025	2024
Service revenues and vehicle sales:			
Service revenues	$ 3,969,520	$ 3,968,662	$ 3,561,002
Vehicle sales	696,689	678,296	675,821
Total service revenues and vehicle sales	4,666,209	4,646,958	4,236,823
Operating expenses:			
Facility operations	1,965,888	1,944,318	1,710,084
Cost of vehicle sales	616,463	602,997	619,487
General and administrative	431,268	402,929	335,229
Total operating expenses	3,013,619	2,950,244	2,664,800
Operating income	1,652,590	1,696,714	1,572,023
Other income:			
Interest income, net	181,923	178,909	145,673
Other income (expense), net	464	19,958	(3,095)
Total other income	182,387	198,867	142,578
Income before income taxes	1,834,977	1,895,581	1,714,601
Income tax expense	354,580	347,218	352,254
Net income	1,480,397	1,548,363	1,362,347
Less: Net loss attributable to redeemable noncontrolling interest	(3,873)	(4,086)	(673)
Net income attributable to Copart, Inc.	$ 1,484,270	$ 1,552,449	$ 1,363,020
Basic net income per common share	$ 1.56	$ 1.61	$ 1.42
Weighted average common shares outstanding	949,640	965,306	960,739
Diluted net income per common share	$ 1.55	$ 1.59	$ 1.40
Diluted weighted average common shares outstanding	956,860	977,563	974,798

The accompanying notes are an integral part of these consolidated financial statements.

COPART, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended July 31,		
	2026	2025	2024
Comprehensive income, net of tax:			
Net income	$ 1,480,397	$ 1,548,363	$ 1,362,347
Other comprehensive income:			
Foreign currency translation adjustments	10,505	22,689	(1,966)
Comprehensive income	$ 1,490,902	$ 1,571,052	$ 1,360,381
Less: Comprehensive loss attributable to redeemable noncontrolling interest	$ (3,873)	$ (4,086)	$ (673)
Comprehensive income attributable to Copart, Inc.	$ 1,494,775	$ 1,575,138	$ 1,361,054

The accompanying notes are an integral part of these consolidated financial statements.

COPART, INC.
CONSOLIDATED STATEMENT OF CHANGES IN REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Common Stock Outstanding Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity	Redeemable Noncontrolling Interest
Balance at July 31, 2023	957,344,162	96	938,910	(141,006)	5,189,440	5,987,440	—
Net income	—	—	—	—	1,363,020	1,363,020	(673)
Currency translation adjustment	—	—	—	(1,966)	—	(1,966)	—
Acquisition of controlling interest	2,499,993	—	112,075	—	—	112,075	25,217
Exercise of stock options, net of repurchased shares	2,560,852	—	24,260	—	(6,558)	17,702	—
Employee stock-based compensation	246,962	—	33,334	—	—	33,334	—
Shares issued for Employee Stock Purchase Plan	315,042	—	12,406	—	—	12,406	—
Balance at July 31, 2024	962,967,011	96	1,120,985	(142,972)	6,545,902	7,524,011	24,544
Net income	—	—	—	—	1,552,449	1,552,449	(4,086)
Currency translation adjustment	—	—	—	22,689	—	22,689	—
Exercise of stock options, net of repurchased shares	3,961,105	1	42,759	—	(5,282)	37,478	—
Employee stock-based compensation	212,867	—	35,727	—	—	35,727	—
Shares issued for Employee Stock Purchase Plan	337,707	—	14,679	—	—	14,679	—
Balance at July 31, 2025	967,478,690	97	1,214,150	(120,283)	8,093,069	9,187,033	20,458
Net income	—	—	—	—	1,484,270	1,484,270	(3,873)
Currency translation adjustment	—	—	—	10,505	—	10,505	—
Exercise of stock options, net of repurchased shares	1,529,369	—	16,702	—	(3,736)	12,966	—
Employee stock-based compensation	213,253	—	37,065	—	—	37,065	—
Shares issued for Employee Stock Purchase Plan	510,145	—	14,312	—	—	14,312	—
Shares repurchased	(43,433,164)	(4)	(55,875)	—	(1,592,977)	(1,648,856)	—
Balance at July 31, 2026	926,298,293	$ 93	$ 1,226,354	$ (109,778)	$ 7,980,626	$ 9,097,295	$ 16,585

The accompanying notes are an integral part of these consolidated financial statements.

COPART, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended July 31, 2026	2025	2024
Cash flows from operating activities:			
Net income	$ 1,480,397	$ 1,548,363	$ 1,362,347
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization, including debt cost	238,466	217,784	190,256
Allowance for credit losses	5,599	354	3,914
Gain on extinguishment of liabilities	—	—	(4,058)
Equity in losses (income) from unconsolidated affiliates	326	(149)	2,241
Stock-based compensation	38,818	38,004	35,234
Loss (gain) on sale of property and equipment	1,130	(13,726)	(2,386)
Deferred taxes	47,359	(13,440)	(847)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(80,629)	(33,950)	(145,385)
Vehicle pooling costs	(6,358)	16,705	(9,542)
Inventories	(11,443)	4,655	(3,698)
Prepaid expenses and other current and non-current assets	(47,613)	7,748	(71,067)
Operating lease right-of-use assets and lease liabilities	690	478	1,064
Accounts payable and accrued liabilities	32,507	69,599	59,528
Deferred revenue	1,908	2,159	1,867
Income taxes receivable	(49,277)	(575)	6,561
Income taxes payable	(47,388)	(44,259)	46,535
Net cash provided by operating activities	1,604,492	1,799,750	1,472,564
Cash flows from investing activities:			
Purchases of property and equipment	(337,363)	(568,990)	(510,990)
Assets and liabilities acquired in connection with acquisition	(5,004)	(1,223)	17,662
Proceeds from sale of property and equipment	12,575	31,831	4,166
Investment in held to maturity securities	(2,889,072)	(4,001,918)	(4,087,162)
Proceeds from held to maturity securities	2,345,000	3,960,000	3,645,000
Investment in unconsolidated affiliate	(3,737)	(7,148)	(8,755)
Net cash used in investing activities	(877,601)	(587,448)	(940,079)
Cash flows from financing activities:			
Proceeds from the exercise of stock options	16,702	42,759	24,260
Proceeds from the issuance of Employee Stock Purchase Plan shares	14,312	14,679	12,406
Repurchases of common stock	(1,632,538)	—	—
Payments for employee stock-based tax withholdings	(3,736)	(5,282)	(6,558)
Principal payments on revolver facility	—	—	(10,821)
Debt issuance costs	(1,534)	—	—
Payments of finance lease obligations	(60)	(49)	(14)
Net cash (used) provided by financing activities	(1,606,854)	52,107	19,273
Effect of foreign currency translation	7,333	2,011	4,958
Net increase (decrease) in cash, cash equivalents, and restricted cash	(872,630)	1,266,420	556,716
Cash, cash equivalents, and restricted cash at beginning of period	2,780,531	1,514,111	957,395
Cash, cash equivalents, and restricted cash at end of period	$ 1,907,901	$ 2,780,531	$ 1,514,111
Supplemental disclosure of cash flow information:			
Interest paid	$ 1,866	$ 2,019	$ 3,127
Income taxes paid, net of refunds	$ 398,380	$ 409,003	$ 285,891
Purchase of property and equipment through settlement of deposit	$ 6,222	$ 64,050	$ —

The accompanying notes are an integral part of these consolidated financial statements.

COPART, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2026

NOTE 1 — Summary of Significant Accounting Policies

Basis of Presentation and Description of Business

Copart, Inc. ("the Company") provides vehicle sellers with a full range of services to process and sell vehicles over the internet through the Company's Virtual Bidding Third Generation ("VB3") internet auction-style sales technology. Vehicle sellers consist primarily of insurance companies, but also include dealers, individuals, charities, rental car companies, banks, finance companies, and fleet operators. The Company sells principally to licensed vehicle dismantlers, rebuilders, repair licensees, used vehicle dealers, exporters, and directly to the general public. The majority of vehicles sold on behalf of insurance companies are either damaged vehicles deemed a total loss or not economically repairable by the insurance companies or are recovered stolen vehicles for which an insurance settlement with the vehicle owner has already been made. The Company offers vehicle sellers a full range of services that expedite each stage of the vehicle sales process, minimize administrative and processing costs and maximize the ultimate sales price through the online auction process. In the United States ("U.S."), Canada, Brazil, the Republic of Ireland, Finland, the United Arab Emirates ("U.A.E."), Oman, and Bahrain, the Company sells vehicles primarily as an agent and derives revenue primarily from auction and auction-related sales transaction fees charged for vehicle remarketing services as well as fees for services subsequent to the auction, such as delivery and storage. In the United Kingdom ("U.K."), Germany, and Spain, the Company operates both as an agent and on a principal basis, in some cases purchasing salvage vehicles outright and reselling the vehicles for its own account. In Germany the Company also derives revenue from listing vehicles on behalf of insurance companies and insurance experts to determine the vehicle's residual value and/or to facilitate a sale for the insured.

The consolidated financial statements of the Company include the accounts of the parent company and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

On August 4, 2023, the Company's Board of Directors approved a two-for-one common stock split effected in the form of a stock dividend entitling each stockholder of record to receive one additional share of common stock for every one share owned. On August 21, 2023, the Company effected the two-for-one stock dividend to stockholders of record as of August 14, 2023.

The stock dividend increased the number of shares of common stock outstanding and all share and per share amounts have been retroactively adjusted for the stock dividends, as of the date earliest presented in these financial statements to conform to current year presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates include, but are not limited to, vehicle pooling costs; income taxes; stock-based compensation; and contingencies. Actual results may differ from these estimates.

Revenue Recognition

The Company's primary performance obligation is the auctioning of consigned vehicles through an online auction process. Service revenue and vehicle sales revenue are recognized at the date the vehicles are sold at auction, excluding annual registration fees. Costs to prepare the vehicles for auction, including inbound transportation costs and titling fees, are deferred and recognized at the time of revenue recognition at auction.

The Company's disaggregation between service revenues and vehicle sales at the segment level reflects how the nature, timing, amount and uncertainty of its revenues and cash flows are impacted by economic factors. The Company reports sales taxes on relevant transactions on a net basis in the Company's consolidated results of operations, and therefore does not include sales taxes in revenues or costs.

Service Revenues

The Company's service revenues consist of auction and auction-related sales transaction fees charged for vehicle remarketing services. Within this revenue category, the Company's primary performance obligation is the auctioning of

consigned vehicles through an online auction process. These auction and auction-related services may include a combination of (i) vehicle purchasing fees, vehicle listing fees, and vehicle selling fees that can be based on a predetermined percentage of the vehicle sales price, tiered vehicle sales price driven fees, or at a fixed fee based on the sale of each vehicle regardless of the selling price of the vehicle; (ii) transportation fees for the cost of transporting the vehicle to the Company's facility; (iii) title processing and preparation fees; (iv) vehicle storage fees; (v) bidding fees; and (vi) vehicle loading fees. These services are not distinct within the context of the contract. Accordingly, revenue for these services is recognized when the single performance obligation is satisfied at the completion of the auction process. The Company does not take ownership of these consigned vehicles, which are stored at the Company's facilities located throughout the U.S. and at its international locations. These fees are recognized as net revenue (not gross vehicle selling price) at the time of auction in the amount of such fees charged.

The Company has a separate performance obligation related to providing access to its online auction platform as the Company charges members an annual registration fee for the right to participate in its online auctions and access the Company's bidding platform. This fee is recognized ratably over the term of the arrangement, generally one year, as each day of access to the online auction platform represents the best depiction of the transfer of the service.

No provision for returns has been established, as all sales are final with no right of return or warranty, except for separately identified vehicles subject to an arbitration policy, although the Company provides for expected credit losses in the case of non-performance by its buyers or sellers.

	Year Ended July 31,		
(In thousands)	**2026**	**2025**	**2024**
Service revenues			
United States	$ 3,388,287	$ 3,451,558	$ 3,126,102
International	581,233	517,104	434,900
Total service revenues	$ 3,969,520	$ 3,968,662	$ 3,561,002

Vehicle Sales

Certain vehicles are purchased and remarketed on the Company's own behalf. The Company has a single performance obligation related to the sale of these vehicles, which is the completion of the online auction process. Vehicle sales revenue is recognized on the auction date. As the Company acts as a principal in vehicle sales transactions, the gross sales price at auction is recorded as revenue.

	Year Ended July 31,		
(In thousands)	**2026**	**2025**	**2024**
Vehicle sales			
United States	$ 419,143	$ 403,546	$ 338,633
International	277,546	274,750	337,188
Total vehicle sales	$ 696,689	$ 678,296	$ 675,821

Contract Assets

The Company capitalizes certain contract assets related to obtaining a contract, where the amortization period for the related asset is greater than one year. These assets are amortized over the expected life of the customer agreement. Contract assets are classified as current or long-term other assets, based on the timing of when the Company expects to recognize the related revenues and are amortized as an offset to the associated revenues on a straight-line basis. The Company assesses these costs for impairment at least quarterly and as "triggering" events occur that indicate it is more likely than not that an impairment exists. The contract asset costs where the amortization period for the related asset is one year or less are expensed as incurred and recorded within general and administrative expenses in the accompanying consolidated statements of income.

The change in the carrying amount of contract assets was as follows (In thousands):

Balance as of July 31, 2024	$	49,238
Capitalized contract assets during the period		22
Costs amortized during the period		(9,149)
Effect of foreign currency exchange rates		(4)
Balance as of July 31, 2025	$	40,107
Capitalized contract assets during the period		5,025
Costs amortized during the period		(8,671)
Effect of foreign currency exchange rates		5
Balance as of July 31, 2026	$	36,466

Vehicle Pooling Costs

The Company defers costs that relate directly to the fulfillment of its contracts associated with vehicles consigned to and received by the Company, but not sold as of the end of the period. The Company quantifies the deferred costs using a calculation that includes the number of vehicles at its facilities at the beginning and end of the period, the number of vehicles sold during the period, and an allocation of certain facility operation costs for the period. The primary expenses allocated and deferred are inbound transportation costs, titling fees, certain facility costs, labor, and vehicle processing costs. If the allocation factors change, then facility operation expenses could increase or decrease correspondingly in the future. These costs are expensed into facility operations expenses as vehicles are sold in subsequent periods on an average cost basis.

Foreign Currency Translation

The Company records foreign currency translation adjustments from the process of translating the functional currency of the financial statements of its foreign subsidiaries into the U.S. dollar reporting currency. The Pounds Sterling, Canadian dollar, Brazilian real, European Union euro, U.A.E. dirham, Omani rial, and Bahraini dinar are the functional currencies of the Company's foreign subsidiaries as they are the primary currencies within the economic environment in which each subsidiary operates. The original equity investment in the respective subsidiaries is translated at historical rates. Assets and liabilities of the respective subsidiary's operations are translated into U.S. dollars at period-end exchange rates, and revenues and expenses are translated into U.S. dollars at average exchange rates in effect during each reporting period. Adjustments resulting from the translation of each subsidiary's financial statements are reported in other comprehensive income.

The cumulative effects of foreign currency exchange rate fluctuations were as follows (In thousands):

Cumulative loss on foreign currency translation as of July 31, 2024	$	(142,972)
Gain on foreign currency translation		22,689
Cumulative loss on foreign currency translation as of July 31, 2025	$	(120,283)
Gain on foreign currency translation		10,505
Cumulative loss on foreign currency translation as of July 31, 2026	$	(109,778)

Fair Value of Financial Instruments

The Company records its financial assets and liabilities at fair value in accordance with the framework for measuring fair value in U.S. GAAP. In accordance with Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, the Company considers fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions. This framework establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

Level I	Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
Level II	Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly.
Level III	Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate.

The amounts recorded for financial instruments in the Company's consolidated financial statements, which included cash, restricted cash, accounts receivable, accounts payable, accrued liabilities, and amounts outstanding under the 2026 Credit Agreement approximated their fair values as of July 31, 2026 and 2025, due to the short-term nature of those instruments. Cash equivalents and long-term debt are classified within Level II of the fair value hierarchy because they are valued using market based inputs. Held to maturity investments are classified within Level I of the fair value hierarchy because they are valued at quoted prices for identical assets that are traded in active markets. See *NOTE 9 – Long-Term Debt* and *NOTE 10 – Fair Value Measurements.*

Cost of Vehicle Sales

Cost of vehicle sales includes the purchase price of vehicles sold for the Company's own account.

Facility Operations

Facility operations expenses consist primarily of: (i) labor (operating personnel at facilities); (ii) transportation primarily provided by third-party (miles traveled and fuel rates); (iii) facilities (maintenance, property-related taxes, rent, and insurance); and (iv) other (marketing and auction related costs).

General and Administrative Expenses

General and administrative expenses consist primarily of executive management, accounting, data processing, sales personnel, professional services, marketing expenses, and system maintenance and enhancements.

Advertising

All advertising costs are expensed as incurred and are included in facility operations expenses for costs directly related to the auction process and the remainder in general and administrative expenses on the consolidated statements of income. Advertising expenses were $38.8 million, $33.6 million, and $26.1 million for the years ended July 31, 2026, 2025, and 2024, respectively.

Other Income (Expense)

Other income (expense) consists primarily of interest income on U.S. Treasury Bills on held to maturity securities, interest expense on long-term debt; foreign exchange rate gains and losses; gains and losses from the disposal of assets, which will fluctuate based on the nature of these activities each period; and earnings from unconsolidated entities.

Income Taxes and Deferred Tax Assets

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, their respective tax basis, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company considers the need to maintain a valuation allowance on deferred tax assets based on an assessment of whether it is more likely than not that the Company would realize those deferred tax assets based on future reversals of existing taxable temporary differences and the ability to generate sufficient taxable income within the carryforward period available under the applicable tax law. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Excess tax benefits and deficiencies related to exercises of stock options are recognized as expense or benefit in the consolidated statements of income as discrete items in the reporting period in which they occur.

The Company applies the provisions of the accounting standard for uncertain tax positions to its income taxes. In determining net income for financial statement purposes, the Company makes certain estimates and judgments in the calculation of tax provisions and the resultant tax liabilities. In the ordinary course of business, there may be transactions and calculations where the ultimate tax outcome is uncertain. The calculation of tax liabilities involves dealing with uncertainties in the interpretation and application of complex tax laws, and judgment may be necessary to (i) determine whether, based on the technical merits, a tax position is more likely than not to be sustained and (ii) measure the amount of tax benefit that qualifies for recognition. The Company recognizes potential liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on an estimate of the ultimate resolution of whether, and the extent to which, additional taxes will be due. Although the Company believes the estimates are reasonable, no assurance can be given that the final outcome of these matters

will not be different from what is reflected in the historical income tax provisions and accruals. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Net Income Per Share

Basic net income per share amounts were computed by dividing net income attributable to Copart, Inc. by the weighted average number of common shares outstanding during the period. Diluted net income per share amounts were computed by dividing net income attributable to Copart, Inc. by the weighted average number of common shares outstanding plus dilutive potential common shares calculated for stock options, restricted stock, restricted stock units, and performance stock units outstanding during the period using the treasury stock method.

Redeemable Noncontrolling Interest

Redeemable noncontrolling interests represent a 20% noncontrolling ownership in Purple Wave, a consolidated subsidiary of the Company. Redeemable noncontrolling interests are presented outside of permanent equity on the consolidated balance sheets as they are redeemable by the holders of the noncontrolling interest and the redemption is outside the control of the Company. The redeemable noncontrolling interests were initially recorded at their issuance date fair value of $25.2 million. We record the carrying amount of the redeemable noncontrolling interests at the greater of (i) the initial carrying amount, increased or decreased for the noncontrolling interest's share of net income or loss and its share of other comprehensive income or loss, and dividends or (ii) the redemption value. For interests that are redeemable in the future, we recognize changes in the redemption value immediately as they occur. Shares are redeemable at adjusted fair value from the third anniversary of the acquisition through the 10th anniversary of acquisition and are redeemable at fair value thereafter.

Cash, Cash Equivalents, and Restricted Cash and Investments

The Company considers all highly liquid investments purchased with original maturities of three months or less at the time of purchase to be cash equivalents. Cash, cash equivalents, and restricted cash include cash held in checking, certificates of deposit, U.S. Treasury Bills, and money market accounts. The Company periodically invests its excess cash in money market funds and U.S. Treasury Bills. The Company's cash, cash equivalents, and restricted cash are placed with high credit quality financial institutions.

The Company has held to maturity securities comprised of U.S. Treasury Bills. These investments are classified as held to maturity as the Company has the intent and ability to hold these investments until they mature. The held to maturity securities mature within the next 12 months. The table below shows the amortized cost, associated gross unrealized gains and associated fair value of held to maturity securities (in thousands).

	July 31, 2026		
(In thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Fair Value**
Investment in held to maturity securities	$ 2,581,901	$ 14,985	$ 2,596,886

	July 31, 2025		
(In thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Fair Value**
Investment in held to maturity securities	$ 2,008,539	$ 15,575	$ 2,024,114

Inventory

Inventories of purchased vehicles are stated at the lower of cost or estimated realizable value. Cost includes the Company's cost of acquiring ownership of the vehicle. The cost of vehicles sold is charged to cost of vehicle sales as sold on a specific identification basis.

Accounts Receivable

Accounts receivable, which consist primarily of advance charges receivable from the Company's sellers and the gross sales price of the vehicle due from buyers, are recorded when billed, advanced or accrued and represent claims against third parties that will be settled in cash. Advance charges receivable represents amounts paid to third parties on behalf of insurance companies for which the Company will be reimbursed when the vehicle is sold.

Concentration of Credit Risk

Financial instruments, which subject the Company to potential credit risk, consist of its cash, cash equivalents, and restricted cash, short-term investments and accounts receivable. The Company adheres to its investment policy when placing investments. The investment policy has established guidelines to limit the Company's exposure to credit risk by placing investments with high credit quality financial institutions, diversifying its investment portfolio, limiting investments in any one issuer or pooled fund and placing investments with maturities that maintain safety and liquidity. Deposits with these financial institutions may exceed the amount of insurance provided; however, these deposits typically are redeemable upon demand and, therefore, the Company believes that the financial risks associated with these financial instruments are minimal.

The Company generally does not require collateral on its accounts receivable. The Company estimates its allowances for credit loss based on historical collection trends, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due account balances are written off when the Company's internal collection efforts have been unsuccessful in collecting the amounts due. The Company does not have off-balance sheet credit exposure related to its customers, and to date, the Company has not experienced significant credit-related losses.

No single customer accounted for more than 10% of the Company's consolidated revenues for the years ended July 31, 2026, 2025, and 2024.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. Property and leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the respective improvements, which is between seven and ten years. Significant improvements which substantially extend the useful lives of assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives: three to seven years for internally developed or purchased software; three to twenty years for transportation and other equipment; three to five years for office furniture and equipment; and seven to forty years or the lease term, whichever is shorter, for buildings and improvements. Amortization of equipment under finance leases is included in depreciation expense.

Goodwill

In accordance with ASC 350, *Intangibles—Goodwill and Other* ("ASC 350"), goodwill is not amortized but is tested for potential impairment, at a minimum on an annual basis, or when indications of potential impairment exist. The Company assesses goodwill for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. The Company has identified two reporting units, which are consistent with its two operating and reportable segments, U.S. and International. The Company evaluates goodwill for impairment annually as of the beginning of the fourth quarter, or when an indicator of impairment exists.

Capitalized Software Costs

The Company capitalizes system development costs and website development costs related to the enterprise computing services during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life, generally three to seven years. The Company evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that impact the recoverability of these assets. Total gross capitalized software as of July 31, 2026 and 2025 was $136.4 million and $120.0 million respectively. Accumulated amortization expense related to software as of July 31, 2026 and 2025 totaled $98.1 million and $81.6 million, respectively.

Stock-Based Compensation

The Company accounts for stock-based awards to employees and non-employees using the fair value method as required by ASC 718, *Compensation—Stock Compensation* ("ASC 718"), which requires the measurement and recognition of compensation expense for all stock-based awards made to employees, consultants and directors based on estimated fair value. ASC 718 requires companies to estimate the fair value of stock-based awards on the measurement date. The value of the portion of the award that is ultimately expected to vest is recognized in expense over the requisite service periods.

Comprehensive Income

Comprehensive income includes all changes in stockholders' equity during a period from non-stockholder sources. For the years ended July 31, 2026, 2025 and 2024, accumulated other comprehensive income (loss) was the effect of foreign currency translation adjustments. Deferred taxes are not provided on cumulative translation adjustments where the Company expects earnings of a foreign subsidiary to be indefinitely reinvested.

Recently Issued Accounting Pronouncements

Adopted

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures" to expand the disclosure requirements for income taxes, primarily related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company adopted the provisions of ASU 2023-09 for the fiscal year ended July 31, 2026 and applied the provisions on a prospective basis. See *NOTE 13 — Income Taxes*.

Pending

In November 2024, FASB issued Accounting Standards Update ("ASU") 2024-03, Income Statement–Reporting Comprehensive Income–Expense Disaggregation Disclosures (Subtopic 220-40). ASU 2024-03 requires disclosure of specified information about certain costs and expenses. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted, and the amendments may be applied either prospectively or retrospectively. Management is currently evaluating this ASU to determine its impact on the Company's disclosures.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which allows entities to elect a practical expedient permitting an entity to assume that conditions at the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current classified accounts receivable and contract assets. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. Management is currently evaluating this ASU to determine its impact on the Company's consolidated results of operations and financial position.

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which remove all references to prescriptive and sequential software development stages (referred to as "project stages") throughout Subtopic 350-40. ASU 2025-06 is effective for all entities for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted and may be applied prospectively, retrospectively, or modified transition approach that is based on the status of the project and whether software costs were capitalized before the date of adoption. Management is currently evaluating this ASU to determine its impact on the Company's consolidated results of operations and financial position.

Note 2 — Acquisitions

Fiscal Year 2024 Transactions

On October 6, 2023, the Company acquired an 80% controlling ownership in Purple Wave, an online offsite heavy equipment auction company. The Company acquired the controlling ownership by issuing 2.5 million shares of the Company's common stock which was equal to the $108.0 million acquisition price divided by the 10-day volume average weighted price of the Company's common stock prior to closing. Under U.S. GAAP, the fair value of the merger consideration paid for Purple Wave was $112.1 million and was determined on the basis of the closing price of the Company's common stock on October 6, 2023. Substantially all of the merger consideration has been allocated to intangible assets, including goodwill. The fair value of the 20% redeemable noncontrolling interest in Purple Wave was $25.2 million, and was estimated by applying the transaction method. Refer to *NOTE 1 – Summary of Significant Accounting Policies* for more details regarding the redeemable noncontrolling interests. Acquisition costs reflected in the general administrative line on the income statement were $1.2 million. The Company has finalized the allocation of fair value for acquired assets and liabilities. The resulting impact to the balance sheet and income statement were immaterial.

NOTE 3 — Accounts Receivable, Net

Accounts receivable, net consisted of:

	July 31,	
(In thousands)	**2026**	**2025**
Advance charges receivable	$ 559,237	$ 540,747
Trade accounts receivable	230,709	200,969
Other receivables	37,852	34,040
	827,798	775,756
Less: Allowance for credit loss	(18,551)	(12,945)
Accounts receivable, net	$ 809,247	$ 762,811

Advance charges receivable represents amounts paid to third parties on behalf of insurance companies for which the Company will be reimbursed when the vehicle is sold. Advance charges are recovered within one year. Trade accounts receivable includes fees and gross auction proceeds to be collected from insurance companies and buyers.

NOTE 4 — Property and Equipment, Net

Property and equipment, net consisted of the following:

	July 31,	
(In thousands)	**2026**	**2025**
Land	$ 2,501,243	$ 2,394,553
Buildings and improvements	1,875,064	1,684,171
Transportation and other equipment	590,708	580,029
Office furniture and equipment	116,908	100,894
Internal-use software	136,416	120,031
	5,220,339	4,879,678
Less: Accumulated depreciation and amortization	(1,487,119)	(1,281,585)
Property and equipment, net	$ 3,733,220	$ 3,598,093

Depreciation expense on property and equipment was $200.8 million, $188.9 million and $167.7 million for the years ended July 31, 2026, 2025, and 2024, respectively. Amortization expense of software was $15.7 million, $13.0 million, and $8.6 million for the years ended July 31, 2026, 2025 and 2024, respectively.

NOTE 5— Leases

The Company has both lessee and lessor arrangements. The Company determines whether a contract is or contains a lease at the inception of the contract or at any subsequent modification. A contract will be deemed to be or contain a lease if the contract conveys the right to control and direct the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Company generally must also have the right to obtain substantially all of the economic benefits from the use of the property, plant, and equipment. Depending on the terms, leases are classified as either operating or finance leases if the Company is the lessee, or as operating, sales-type, or direct financing leases if the Company is the lessor. Certain of the Company's lessee and lessor leases have renewal options to extend the leases for additional periods at the Company's discretion.

Leases - Lessee

The Company leases certain facilities and certain equipment under non-cancelable finance and operating leases, which are recorded as right-of-use assets and lease liabilities. Certain leases provide the Company with either a right of first refusal to acquire or an option to purchase a facility at fair value. Certain leases also contain escalation clauses and renewal option clauses calling for increased rents. Where a lease contains an escalation clause or a concession, such as a rent holiday or tenant improvement allowance, the Company includes these items in the determination of the right-of-use asset and the lease liabilities. The effects of these escalation clauses or concessions have been reflected in lease expense on a straight-line basis over the expected lease term and any variable lease payments subsequent to establishing the lease liability are expensed as incurred. The lease term commences on the date when the Company has the right to control the use of the leased property, which is typically before lease payments are due under the terms of the lease. Certain of the Company's leases have renewal periods up to 40 years, exercisable at the Company's option, and generally require the Company to pay property taxes, insurance and

maintenance costs, in addition to the lease payments. At lease inception, the Company includes all renewals or option periods that are reasonably certain to be exercised when determining the expected lease term, as failure to renew the lease would impose an economic penalty.

Operating lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the expected lease term. To determine the present value of lease payments not yet paid, the Company estimates incremental borrowing rates based on the information available at the lease commencement date, as rates are not implicitly stated in the Company's leases.

Components of lease expense were as follows:

	Year Ended July 31,	
(In thousands)	**2026**	**2025**
Operating lease expense	$ 21,441	$ 28,383
Finance lease expense:		
Amortization of right-of-use assets	35	101
Interest on finance lease liabilities	123	249
Short-term lease expense	6,426	6,627
Variable lease expense	1,647	1,407
Total lease expense	$ 29,672	$ 36,767

The components of right-of-use assets and lease liabilities on the consolidated balance sheets were as follows (In thousands):

Lease Asset and Liabilities	**Balance Sheet Classification (In thousands)**	**July 31, 2026**	**July 31, 2025**
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 83,728	$ 99,708
Finance lease right-of-use assets	Property and equipment, net	2,645	2,648
Total lease assets, net		$ 86,373	$ 102,356
Operating lease liabilities - current	Current portion of operating and finance lease liabilities	$ 15,102	$ 19,810
Finance lease liabilities - current	Current portion of operating and finance lease liabilities	61	59
Operating lease liabilities - non-current	Operating and finance lease liabilities, net of current portion	70,539	81,224
Finance lease liabilities - non-current	Operating and finance lease liabilities, net of current portion	2,665	2,646
Total lease liabilities		$ 88,367	$ 103,739

The weighted-average remaining lease terms and discount rates as of July 31, 2026 were as follows:

	Weighted-Average Remaining Lease Term (In years)	**Weighted-Average Discount Rate[1]**
Operating leases	9.53	4.48%
Finance leases	29.47	4.47%

(1)The Company cannot determine the interest rate implicit in the Company's leases. Therefore, the discount rate represents the Company's incremental borrowing rate and is determined based on the risk-free rate, adjusted for the risk premium attributed to the Company's imputed corporate credit rating for a secured or collateralized instrument.

Supplemental cash flow information related to leases for the years ended July 31 were as follows (In thousands):

(In thousands)	Year Ended July 31, 2026	2025
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows related to operating leases	$ 20,976	$ 28,026
Operating cash flows related to finance leases	77	260
Financing cash flows related to finance leases	60	49
Right-of-use assets obtained in exchange for new operating lease liabilities	16,750	9,516
Right-of-use assets obtained in exchange for new finance lease liabilities	—	2,653

The annual maturities of the Company's lease liabilities as of July 31, 2026 were as follows:

Fiscal Year (In thousands)	Finance Leases	Operating Leases
2027	$ 137	$ 17,450
2028	137	15,880
2029	137	13,535
2030	137	8,188
2031	137	6,976
Thereafter	4,465	41,997
Total future lease commitments	$ 5,150	$ 104,026
Less: imputed interest	(2,424)	(18,385)
Present value of lease liabilities	$ 2,726	$ 85,641

Leases - Lessor

The Company's lessor arrangements include certain facilities and various land locations, of which each qualifies as an operating lease. Certain leases also contain escalation clauses and renewal option clauses calling for increased rents. Where a lease contains an escalation clause or a concession, such as a rent holiday or tenant improvement allowance, the Company includes these items in the determination of the straight-line rental income. The effects of these escalation clauses or concessions have been reflected in lease payments receivable on a straight-line basis over the expected lease term and any variable lease income subsequent to establishing the receivable will be recognized as earned.

Future lease payments receivable under operating leases with terms greater than one year as of July 31, 2026 were as follows:

Fiscal Year (In thousands)	Operating Leases
2027	$ 5,225
2028	4,494
2029	3,395
2030	159
2031	155
Thereafter	1,315
Total future lease payments receivable	$ 14,743

The cost of the leased space was $58.8 million and $58.8 million as of July 31, 2026 and 2025, respectively. The accumulated depreciation associated with the leased assets was $7.9 million and $6.7 million as of July 31, 2026 and 2025, respectively. Both the leased assets and accumulated depreciation are included in Property and equipment, net on the consolidated balance sheets. Rental income from these operating leases was $17.1 million and $20.7 million for the years ended July 31, 2026 and 2025, respectively, and is included within service revenues on the consolidated statements of income.

NOTE 6 — Goodwill

The change in the carrying amount of goodwill was as follows:

(In thousands)	July 31, 2026	2025
Beginning balance	$ 517,779	$ 513,909
Adjustments related to business combinations	907	207
Effect of foreign currency exchange rates	(7,389)	3,663
Ending balance	$ 511,297	$ 517,779

In accordance with the guidance in ASC 350, goodwill is tested for impairment on an annual basis or upon the occurrence of circumstances that indicate that goodwill may be impaired.

The Company's annual goodwill impairment analysis, which was performed qualitatively during the fourth quarter of fiscal 2026 and 2025, did not result in an impairment charge. This qualitative analysis considered all relevant factors specific to the reporting units, including macroeconomic conditions; industry and market considerations; overall financial performance; and relevant entity-specific events.

NOTE 7 — Intangibles, Net

The following table sets forth intangible assets by major asset class:

(In thousands, except remaining useful life)	Gross Carrying Amount July 31, 2026	Gross Carrying Amount July 31, 2025	Accumulated Amortization July 31, 2026	Accumulated Amortization July 31, 2025	Net Book Value July 31, 2026	Net Book Value July 31, 2025	Weighted Average Remaining Useful Life (in years) July 31, 2026	Weighted Average Remaining Useful Life (in years) July 31, 2025
Amortized intangibles:								
Supply contracts and customer relationships	$ 87,978	$ 86,956	$ (68,970)	$ (58,747)	$ 19,008	$ 28,209	2	3
Trade names	19,339	19,327	(16,186)	(14,451)	3,153	4,876	2	3
Licenses and databases	16,615	16,608	(5,219)	(3,622)	11,396	12,986	7	8
Indefinite-lived intangibles:								
Trade names:	16,920	16,761	—	—	16,920	16,761	—	—
Total intangibles	$ 140,852	$ 139,652	$ (90,375)	$ (76,820)	$ 50,477	$ 62,832		

Aggregate amortization expense on intangible assets was $13.0 million, $13.9 million, and $13.4 million for the years ended July 31, 2026, 2025, and 2024, respectively.

Intangible amortization expense for the next five fiscal years based upon July 31, 2026 intangible assets is expected to be as follows (In thousands):

2027	$ 12,803
2028	11,809
2029	2,107
2030	1,679
2031	1,679
Thereafter	3,479
Total future intangible amortization expense	$ 33,556

NOTE 8 — Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

(In thousands)	July 31, 2026	July 31, 2025
Accounts payable to sellers	$ 211,786	$ 184,697
Buyer deposits and prepayments	175,052	169,629
Trade accounts payable	28,711	29,705
Accrued compensation and benefits	70,987	67,057
Taxes payable	12,276	12,789
Accrued insurance	26,405	30,165
Other accrued liabilities	109,458	97,789
Total accounts payable and accrued expenses	$ 634,675	$ 591,831

The Company is required to charge for and collect value added taxes ("VAT") on its sales on behalf of various international taxing authorities. The Company records VAT that the Company has billed to the buyers as VAT payable. In addition, the Company is required to pay VAT on its purchases. The Company records VAT that is charged by its vendors as VAT receivable. The Company is required to file VAT returns on at least a quarterly basis with the various international taxing authorities and is entitled to claim the VAT charged by the Company's vendors as VAT credit and these credits can be applied to the Company's VAT payables billed to the buyers. Accordingly, these VAT payables and receivables are presented as net amounts for financial statement purposes and are shown in the taxes payable line in the table above.

The Company is partially self-insured for certain losses related to general liability, workers' compensation and auto liability. Accrued insurance liability represents an estimate of the ultimate cost of claims incurred as of the balance sheet date, including an estimate for reported and unreported claims. The estimated liability is not discounted and is established based upon analysis of historical data, including the Company's historical claim frequency and severity, actuarial estimates and is reviewed periodically by management to ensure that the liability is appropriate.

NOTE 9 – Long-Term Debt

Credit Agreement

On January 23, 2026, the Company entered into a Senior Revolving Credit Agreement (the "2026 Credit Agreement") by and among the Company, certain subsidiaries of the Company party thereto, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent. The 2026 Credit Agreement provides for an unsecured revolving credit facility in an aggregate principal amount of up to $1,250 million, including subfacilities for standby letters of credit and swingline loans. The 2026 Credit Agreement matures on January 23, 2031. The 2026 Credit Agreement replaced the previous secured credit facility under the credit agreement dated December 21, 2021 by and among the Company, certain subsidiaries of the Company party thereto, the lenders party thereto, and Bank of America, N.A., as the administrative agent (the "Second Amended and Restated Credit Agreement"), which was scheduled to mature on December 21, 2026.

Borrowings under the 2026 Credit Agreement bear interest based on the Company's option, either (1) the applicable fixed rate plus 0.75% to 1.125% or (2) the daily rate plus 0.0% to 0.125%, in each case, depending on the Company's consolidated total net leverage ratio. Additionally, the unused revolving commitments under the 2026 Credit Agreement are subject to the payment of a customary commitment fee at a range of 0.05% to 0.125%, depending on the Company's consolidated total net leverage ratio. As of July 31, 2026, the Company had outstanding letters of credit of $22.5 million and the unused capacity of $1,227.5 million was available to us.

The 2026 Credit Agreement contains representations and warranties, conditions, and covenants. As of July 31, 2026, the Company was in compliance with these financial covenants.

In connection with entering into the 2026 Credit Agreement, the Company incurred $1.5 million in costs, which were capitalized as debt issuance fees. The debt issuance cost is amortized to interest expense over the term of the debt instrument and is included in other assets on the consolidated balance sheet.

NOTE 10 – Fair Value Measurements

The following table summarizes the carrying values and fair values of the Company's financial instruments that were not carried at fair value in the consolidated balance sheets:

(In thousands)	July 31, 2026 Carrying Value Total	July 31, 2026 Fair Value Total	July 31, 2025 Carrying Value Total	July 31, 2025 Fair Value Total
Assets				
Cash equivalents	$ 1,016,694	$ 1,018,328	$ 2,196,593	$ 2,204,512
Investment in held to maturity securities	2,581,901	2,596,886	2,008,539	2,024,114
Total assets	$ 3,598,595	$ 3,615,214	$ 4,205,132	$ 4,228,626

The Company has investments in U.S. Treasury Bills some of which mature over a period greater than 90 days and are classified as short-term investments. The U.S. Treasury Bills are carried at amortized cost and classified as held to maturity as the Company has the intent and the ability to hold them until they mature. The carrying value of the U.S. Treasury Bills are adjusted for accretion of discounts over the remaining life of the investment. Income related to the U.S. Treasury Bills is recognized in interest income in the Company's consolidated statements of income. The U.S. Treasury Bills are classified within Level I of the fair value hierarchy.

During the year ended July 31, 2026, no transfers were made between any levels within the fair value hierarchy. See *NOTE 1 – Summary of Significant Accounting Policies* and *NOTE 9 – Long-Term Debt.*

NOTE 11 — Net Income Per Share

The table below reconciles basic weighted average shares outstanding to diluted weighted average shares outstanding:

(In thousands)	Year Ended July 31, 2026	2025	2024
Weighted average common shares outstanding	949,640	965,306	960,739
Effect of dilutive securities	7,220	12,257	14,059
Weighted average common and dilutive potential common shares outstanding	956,860	977,563	974,798

There were no material adjustments to net income required in calculating diluted net income per share. Excluded from the dilutive net income per share calculation were 14,127,223; 4,523,264; and 2,612,116 options to purchase the Company's common stock and restricted stock for the years ended July 31, 2026, 2025 and 2024, respectively, because their inclusion would have been anti-dilutive.

NOTE 12 — Stockholders' Equity

General

The Company has authorized the issuance of 1.6 billion shares of common stock, with a par value of $0.0001, of which 926,298,293 shares were issued and outstanding at July 31, 2026. As of July 31, 2026 and 2025, the Company had reserved 43,587,656 and 45,431,198 shares of common stock, respectively, for the issuance of options, restricted stock ("RSA"), restricted stock units ("RSU"), or performance stock units ("PSU") granted under the Company's equity incentive plans and 2,790,241 and 3,300,386 shares of common stock, respectively, for the issuance of shares under the Copart, Inc. Employee Stock Purchase Plan ("ESPP"). The Company has authorized the issuance of five million shares of preferred stock, with a par value of $0.0001, none of which were issued or outstanding at July 31, 2026 or 2025, which have the rights and preferences as the Company's Board of Directors shall determine, from time to time.

Stock Repurchases

On September 22, 2011, the Company's Board of Directors approved a 320 million share increase in our stock repurchase program, bringing the total current authorization to 784 million shares. The repurchases may be effected through solicited or unsolicited transactions in privately negotiated transactions or in the open market, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. No time limit has been placed on the duration of the stock repurchase program. Subject to applicable securities laws, such repurchases will be made at such times and in such amounts as

we deem appropriate and may be discontinued at any time. For fiscal year 2026, the Company repurchased 43,433,164 shares of its common stock at a weighted average price of $37.63 per share totaling $1.6 billion. The Company did not repurchase any common stock under the program for fiscal years 2025 and 2024. As of July 31, 2026, the total number of shares repurchased under the program was 502 million, and subject to applicable limitations under Delaware law, 282 million shares were available for repurchase under the program.

In fiscal 2026, certain employees held stock option awards that could be exercised through a cashless exercise. For the years ended July 31, 2026, 2025 and 2024, no employee exercised stock options through a cashless exercise. If exercised a portion of the options exercised will be net settled in satisfaction of the exercise price and employees' statutory withholding requirements. Any shares withheld for taxes are treated as a repurchase of shares for accounting purposes but do not count against our stock repurchase program.

Employee Stock Purchase Plan

The ESPP provides for the purchase of up to an aggregate of 40 million shares of common stock of the Company by employees pursuant to the terms of the ESPP. The Company's ESPP was adopted by the Board of Directors and approved by the Company's stockholders in 1994. The ESPP was amended and restated in 2003 and again approved by the stockholders. In 2014, a new ESPP was approved by the Board of Directors and approved by the Company's stockholders. Under the ESPP, employees of the Company who elect to participate have the right to purchase common stock at a 15% discount from the lower of the market value of the common stock at the beginning or the end of each six month offering period. The ESPP permits an enrolled employee to have contributions withheld from their salary an amount up to 10% of their compensation (which amount may be increased from time to time by the Company but may not exceed 15% of compensation). No employee may purchase more than $25,000 worth of common stock (calculated at the time the purchase right is granted) in any calendar year. The Compensation Committee of the Board of Directors administers the ESPP. The number of shares of common stock issued pursuant to the ESPP during the years ended July 31, 2026, 2025 and 2024 was 510,145; 337,707; and 315,042; respectively. As of July 31, 2026, there were 37,530,055 shares of common stock issued pursuant to the ESPP and 2,790,241 shares remain available for purchase under the ESPP.

Stock Options

In December 2007, the Company adopted the Copart, Inc. 2007 Equity Incentive Plan ("Plan"), presently covering an aggregate of 144 million shares of the Company's common stock. The Plan provides for the grant of incentive stock options, restricted stock, restricted stock units and other equity-based awards to employees and non-qualified stock options, restricted stock, restricted stock units and other equity-based awards to employees, officers, directors and consultants at prices not less than 100% of the fair market value for incentive and non-qualified stock options, as determined by the Board of Directors at the grant date. Incentive and non-qualified stock options may have terms of up to ten years and vest over periods determined by the Board of Directors. Options generally vest ratably over a five year period. The Plan replaced the Company's 2001 Stock Option Plan. As of July 31, 2026, 21,225,659 shares were available for grant under the Plan and the number of options that were in-the-money was 12,090,402 at July 31, 2026.

The table below sets forth the stock-based compensation recognized by the Company for stock options, restricted stock, restricted unit awards, and performance stock units:

	Year Ended July 31,		
(In thousands)	**2026**	**2025**	**2024**
General and administrative	$ 30,346	$ 29,897	$ 28,284
Facility operations	8,472	8,107	6,950
Total stock-based compensation	$ 38,818	$ 38,004	$ 35,234

Additionally, Purple Wave maintains an equity-based compensation plan for certain executives. Compensation cost attributable to Purple Wave equity-based compensation plan was $1.8 million and $2.3 million included in stock-based compensation for the fiscal years ended July 31, 2026 and 2025, respectively.

There were no material compensation costs capitalized as part of the cost of an asset as of July 31, 2026 and 2025. The Company recognizes compensation expense for stock option awards on a straight-line basis over the requisite service period of the award.

The fair value of each stock option without a market-based condition was estimated on the measurement date using the Black-Scholes Merton ("BSM") option-pricing model. For options that included a market-based condition either the Monte Carlo simulation model or a lattice model was used. The BSM option-pricing model utilized the following assumptions:

	2026			July 31, 2025			2024		
Expected life (in years)	5.1	—	6.3	5.0	—	5.7	5.0	—	6.3
Risk-free interest rate	3.67%	—	3.78%	3.50%	—	4.03%	3.86%	—	4.43%
Estimated volatility	26.0%	—	30.0%	29.6%	—	30.3%	30.1%	—	30.6%
Expected dividends			—%			—%			—%
Weighted average fair value at measurement date			$ 16.60			$ 20.58			$ 9.93

Expected life— Expected life represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its stock-based awards.

Risk-free interest rate—The Company bases the risk-free interest rate used in the BSM option-pricing model on the implied yield currently available on U.S. Treasury zero-coupon issues with the same or substantially equivalent expected life.

Estimated volatility—The Company uses the trading history of its common stock in determining an estimated volatility factor when using the BSM option-pricing model to determine the fair value of options granted.

Expected dividend—The Company does not expect to declare dividends. Therefore, the Company uses a zero value for the expected dividend value factor when using the BSM option-pricing model to determine the fair value of options granted.

Net cash proceeds from the exercise of stock options were $16.7 million, $42.8 million and $24.3 million for the years ended July 31, 2026, 2025 and 2024, respectively.

A summary of the status of the Company's unvested stock options awards and activity during the year ended July 31, 2026 was as follows:

(In thousands, except per share amounts)	Shares	Weighted Average Grant-date Fair Value
Unvested shares at July 31, 2025	2,089	$ 14.30
Grants of non-vested shares	821	16.60
Vested	(1,148)	12.63
Forfeitures or expirations	(565)	18.26
Unvested shares at July 31, 2026	1,197	$ 17.26

The following is a summary of activity for the Company's stock options without a market-based condition for the year ended July 31, 2026:

(In thousands, except per share and term data)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding as of July 31, 2025	12,487	$ 21.61	3.87	$ 302,750
Grants of options	746	44.56		
Modifications	1,620	30.46		
Exercises	(1,529)	10.92		
Forfeitures or expirations	(565)	48.12		
Outstanding as of July 31, 2026	12,759	$ 24.19	3.52	$ 100,655
Exercisable as of July 31, 2026	11,640	$ 22.53	3.16	$ 100,655
Vested and expected to vest as of July 31, 2026	12,759	$ 24.19	3.52	$ 100,655

The Company grants option awards to certain executives that contain service and market conditions. The options will become exercisable over five years, subject to continued service by the executive, with 20% vesting on the first anniversary of

the grant date and the balance vesting monthly over the subsequent four years. Separate and apart from the time-based vesting schedule, the options are also subject to a market condition requiring the trading price of Copart, Inc. common stock on the NASDAQ Global Select Market to be greater than or equal to 125% of the exercise price of the options, determined both (i) at the time of any exercise, and (ii) based on the closing price on each of the twenty consecutive trading days preceding the date of any exercise. The exercise price of the options is equivalent to the closing price of the Company's common stock on the grant date. The fair value of the awards is determined at the grant date using either the Lattice or Monte Carlo model, risk-free interest rates ranging from 0.71% to 4.37%, estimated volatility ranging from 25.2% to 29.8%, and no expected dividends. The total estimated compensation expense to be recognized by the Company over the five-year service period for these options was $7.7 million as of July 31, 2026 and will be recognized using the accelerated attribution method over each vesting tranche of the award. The Company recognized $1.4 million, $3.8 million and $7.4 million in compensation expense related to these awards for the years ended July 31, 2026, 2025 and 2024, respectively.

Effective July 31, 2026, the Board of Directors approved a modification of certain stock option awards previously granted to Jeffrey Liaw in connection with his resignation as Chief Executive Officer. The modification removed the market condition applicable to the awards, but did not accelerate vesting or amend the remaining service period. The effects of the modification are reflected in the tables above and below, and the incremental compensation cost as a result of the modification was immaterial.

The following is a summary of activity for the Company's stock option awards subject to market conditions for the year ended July 31, 2026:

(In thousands, except per share and term data)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding as of July 31, 2025	5,995	$ 24.70	5.47	$ 124,108
Grants of options	75	46.57		
Modifications	(1,620)	30.46		
Exercises	—	—		
Forfeitures or expirations	—	—		
Outstanding as of July 31, 2026	4,450	$ 22.97	4.18	$ 31,440
Exercisable as of July 31, 2026	4,255	$ 22.12	4.03	$ 31,440
Vested and expected to vest as of July 31, 2026	4,450	$ 22.97	4.18	$ 31,440

The aggregate intrinsic value in the tables above represents the total pre-tax intrinsic value (i.e., the difference between the Company's closing stock price on the last trading day of the year ended July 31, 2026 and the exercise price, times the number of shares) that would have been received by the option holders had all option holders exercised their options on July 31, 2026. The aggregate intrinsic value of options exercised was $41.8 million, $188.3 million and $105.5 million in the years ended July 31, 2026, 2025 and 2024, respectively, and represents the difference between the exercise price of the option and the estimated fair value of the Company's common stock on the dates exercised. As of July 31, 2026, the total compensation cost related to non-vested stock options granted to employees under the Company's stock equity incentive plans but not yet recognized was $14.8 million. This cost will be amortized on a straight-line basis over a weighted average remaining term of 2.21 years. The fair value of options vested for the years ended July 31, 2026, 2025 and 2024 was $14.5 million, $23.9 million and $21.5 million, respectively.

The following table summarizes all stock options outstanding and exercisable as of July 31, 2026:

(In thousands, except per share amounts)	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$ 6.98 — $ 9.08	2,126	0.94	$ 8.32	2,126	$ 8.32
$ 10.99 — $ 10.99	480	1.36	10.99	480	10.99
$ 14.57 — $ 31.42	11,564	3.75	22.69	11,252	22.44
$ 31.98 — $ 62.08	3,040	5.77	41.29	2,038	39.72
Outstanding as of July 31, 2026	17,210	3.69	$ 23.87	15,896	$ 22.42

The Company's restricted stock awards ("RSA"), RSUs, and PSUs have generally been issued with vesting periods ranging from two years to five years. RSAs and RSUs vest solely on service conditions while PSUs will vest over five years, when and if certain financial performance targets are met. Accordingly, the Company recognizes compensation expense for RSA and RSU awards on a straight-line basis over the requisite service period of the award. Compensation expense for PSU awards is recognized on an accelerated attribution method when the achievement of certain financial performance targets appear probable and is recognized over the remaining requisite service period.

The following is a summary of activity for the Company's RSAs, RSUs, and PSUs for the year ended July 31, 2026:

(In thousands, except per share data)	Restricted and Performance Shares	Weighted Average Grant Date Fair Value
Outstanding as of July 31, 2025	1,778	$ 48.93
Grants	619	44.16
Vested	(311)	41.38
Forfeitures or expirations	(250)	49.79
Outstanding as of July 31, 2026	1,836	$ 47.40

NOTE 13 — Income Taxes

Income before taxes consisted of the following:

	Year Ended July 31,		
(In thousands)	2026	2025	2024
U.S.	$ 1,607,425	$ 1,686,794	$ 1,593,381
International	227,552	208,787	121,220
Total income before taxes	$ 1,834,977	$ 1,895,581	$ 1,714,601

Income tax expense (benefit) from continuing operations consisted of the following:

	Year Ended July 31,		
(In thousands)	2026	2025	2024
Federal:			
Current	$ 234,126	$ 272,836	$ 271,820
Deferred	51,982	(12,654)	(1,174)
	286,108	260,182	270,646
State:			
Current	15,248	37,487	49,539
Deferred	(5,180)	(2,576)	(1,611)
	10,068	34,911	47,928
International:			
Current	59,657	51,113	34,179
Deferred	(1,253)	1,012	(499)
	58,404	52,125	33,680
Income tax expense	$ 354,580	$ 347,218	$ 352,254

A summary of the cash paid for income taxes is as follows:

(In thousands)	July 31, 2026
Income Taxes Paid	
Federal Taxes	$ 292,999
State Taxes	61,492
Foreign Taxes	
United Kingdom	30,967
Other Foreign Jurisdictions	12,922
Total Cash Paid	$ 398,380

A reconciliation of the expected U.S. statutory tax rate to the actual effective income tax rate for fiscal year 2026 is as follows:

(In thousands)	July 31, 2026	
US Federal Statutory Tax Rate	$ 385,345	21.0%
State and Local Income Taxes, Net of Federal Income Tax Effect [1]	21,493	1.2%
Foreign Tax Effects	10,618	0.6%
Effect of Changes in Tax Laws or Rate Enacted in the Current Period	—	0.0%
Effect of Cross-Border Tax Laws	(45,948)	-2.5%
Foreign-Derived Intangible Income Deduction	(46,712)	-2.5%
Other Effects of Cross-Border Tax Laws	764	0.0%
Tax Credits	(5,129)	-0.3%
Changes in Valuation Allowance	—	0.0%
Nontaxable or Nondeductible Items	2,250	0.1%
Changes in Unrecognized Tax Benefits	(14,049)	-0.8%
Effective tax rate	$ 354,580	19.3%

[1] New Jersey, Tennessee, Pennsylvania, Florida, Minnesota, Illinois

A reconciliation of the expected U.S. statutory tax rate to the actual effective income tax rate for fiscal years 2025 and 2024 is as follows:

(In thousands)	Year Ended July 31, 2025	2024
Federal statutory rate	21.0%	21.0%
State income taxes, net of federal income tax benefit	2.1%	2.4%
International rate differential	0.3%	0.1%
Compensation and fringe benefits	-1.6%	-0.7%
FDII and/or GILTI [1]	-2.8%	-2.8%
Federal return to provision adjustment	-0.1%	0.0%
Other differences	-0.6%	0.5%
Effective tax rate	18.3%	20.5%

[1] The Company has elected to account for Global Intangible Low-Taxed Income (GILTI) as a period cost and therefore does not recognize deferred taxes for basis differences expected to reverse as GILTI.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets (liabilities) are presented below:

(In thousands)	July 31, 2026	2025
Deferred tax assets:		
Allowance for credit loss	$ 3,253	$ 2,794
Accrued compensation and benefits	27,518	24,868
Operating lease liabilities	15,498	21,213
Accrued other	3,103	3,233
Deferred revenue	6,077	5,989
Losses carried forward/interest disallowance	56,329	52,256
Federal tax benefit	834	7,974
Total gross deferred tax assets	112,612	118,327
Less: Valuation allowance	(54,059)	(50,311)
Net deferred tax assets	58,553	68,016
Deferred tax liabilities:		
Vehicle pooling costs	(24,424)	(25,018)
Property and equipment	(101,948)	(58,782)
Operating lease right-of-use assets	(15,911)	(21,655)
Other prepaids	(2,535)	(2,420)
Intangibles and goodwill	(38,487)	(38,586)
Total gross deferred tax liabilities	(183,305)	(146,461)
Net deferred tax liabilities	$ (124,752)	$ (78,445)

On July 4, 2025, the U.S. government enacted The One Big Beautiful Bill Act of 2025 (the "OBBBA") which includes, among other provisions, changes to the U.S. corporate income tax system including extensions and modifications of the Tax Cuts and Jobs Act of 2017. The OBBBA did not have a material impact on the Company's results of operations and financial position as of and for the fiscal year ended July 31, 2026.

The Company's effective income tax rates were 19.3%, 18.3%, and 20.5% for fiscal 2026, 2025 and 2024, respectively. The Company's U.S. federal statutory tax rate for fiscal years 2026, 2025, and 2024 was 21.0%. The effective tax rate for the fiscal year ended July 31, 2026 was favorably impacted by a $46.7 million tax benefit related to the FDII deduction and $6.6 million in excess tax benefits from the exercise of employee stock options and negatively impacted by $21.5 million related to state income taxes. The effective tax rate for the fiscal year ended July 31, 2025 was favorably impacted by a $55.0 million tax benefit related to the FDII deduction and $36.7 million in excess tax benefits from the exercise of employee stock options and negatively impacted by $38.6 million related to state income taxes. The effective tax rate for the fiscal year ended July 31, 2024 was favorably impacted by a $47.7 million tax benefit related to the FDII deduction and $14.8 million in excess tax benefits from the exercise of employee stock options and negatively impacted by $40.6 million related to state income taxes.

The Company's ability to realize deferred tax assets is dependent on its ability to generate future taxable income. Accordingly, the Company has established a valuation allowance in taxable jurisdictions where the utilization of the tax assets does not meet the more-likely-than-not threshold of recognition. Additional timing differences or future tax losses may occur which could warrant a need for establishing additional valuation allowances against certain deferred tax assets. During fiscal year 2026, the Company recorded a $3.7 million increase in valuation allowances primarily due to additional operating losses and interest disallowance carryforward generated in foreign jurisdictions unlikely to be realized.

As of July 31, 2026 and 2025, the Company had foreign operating losses and interest disallowance carryforward of $56.3 million and $52.3 million (tax effected), respectively. The foreign operating losses, subject to certain limitations, usually can be carried forward indefinitely. However, these losses are subject to valuation allowance based on realizability. The valuation allowance for the fiscal year ended July 31, 2026 and 2025 was $54.1 million and $50.3 million, respectively, which are primarily related to operating losses in certain foreign jurisdictions.

The following table summarizes the activities related to the Company's unrecognized tax benefits resulting from uncertain tax positions.

(In thousands)	July 31, 2026	2025	2024
Beginning balance	$ 25,226	$ 45,725	$ 57,445
Increases related to current year tax positions	—	—	2,955
Prior year tax positions:			
Increases recognized during the period	224	126	11
Decreases recognized during the period	(9,014)	(9,724)	(7,070)
Cash settlements during the period	(11,211)	(8,951)	(6,062)
Lapse of statute of limitations	(2,525)	(1,950)	(1,554)
Ending balance	$ 2,700	$ 25,226	$ 45,725

As of July 31, 2026 and 2025, if recognized, the portion of liabilities for unrecognized tax benefits resulting from uncertain tax positions that would favorably affect the Company's effective tax rate was $2.1 million and $19.9 million, respectively. It is possible that the amount of unrecognized tax benefits will change in the next twelve months, due to tax legislation updates or future audit outcomes; however, an estimate of the range of the possible change cannot be made at this time.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of July 31, 2026, 2025 and 2024, the Company had accrued interest and penalties related to unrecognized tax benefits of $1 million, $10.4 million and $13.8 million, respectively.

The Company files income tax returns in the U.S. federal jurisdiction, various states and foreign jurisdictions. The Company is currently under examination by certain taxing authorities in the U.S. for fiscal years between 2022 and 2025 and in the U.K. for fiscal year 2024. At this time, the Company does not believe that the outcome of any examination will have a material impact on the Company's consolidated results of operations and financial position.

As of July 31, 2026, the Company has undistributed earnings generated by its foreign subsidiaries. The Company determined these undistributed foreign earnings along with any additional outside basis differences were indefinitely reinvested as of July 31, 2026, no deferred tax was therefore provided. The Company believes it is not practicable to estimate the amount of deferred tax liability related to the entire outside basis differences due to the complexity of the calculation and the uncertainty regarding assumptions necessary to compute the tax. However, the Company would not anticipate any significant tax liability associated with the repatriation of the undistributed earnings.

NOTE 14 — Segments and Other Geographic Reporting

The Company's U.S. and International regions are considered two separate operating segments and are disclosed as two reportable segments. The segments represent geographic areas and reflect how the chief operating decision maker, or "CODM", the Company's Chief Executive Officer, allocates resources and measures results. The Company's CODM evaluates the performance of its reportable segments and allocates resources based on segment Operating Income. This measure is used to assess profitability, guide decisions regarding capital investment, and evaluate the performance of segment leadership.

The following table presents financial information by segment. The specific line items in the tables represent the significant segment expenses reviewed by the CODM:

	Year Ended July 31, 2026		
(In thousands)	**United States**	**International**	**Total**
Service revenues	$ 3,388,287	$ 581,233	$ 3,969,520
Vehicle sales	419,143	277,546	696,689
Total service revenues and vehicle sales	3,807,430	858,779	4,666,209
Facility operations	1,634,412	331,476	1,965,888
Cost of vehicle sales	391,028	225,435	616,463
General and administrative	362,950	68,318	431,268
Operating income	$ 1,419,040	$ 233,550	$ 1,652,590
Depreciation and amortization, excluding debt costs	$ 194,749	$ 34,624	$ 229,373
Interest income	168,205	13,718	181,923
Capital expenditures, including acquisitions	256,965	85,402	342,367
Total assets	8,413,366	1,614,444	10,027,810
Goodwill	390,422	120,875	511,297

	Year Ended July 31, 2025		
(In thousands)	**United States**	**International**	**Total**
Service revenues	$ 3,451,558	$ 517,104	$ 3,968,662
Vehicle sales	403,546	274,750	678,296
Total service revenues and vehicle sales	3,855,104	791,854	4,646,958
Facility operations	1,646,183	298,135	1,944,318
Cost of vehicle sales	378,100	224,897	602,997
General and administrative	349,935	52,994	402,929
Operating income	$ 1,480,886	$ 215,828	$ 1,696,714
Depreciation and amortization, excluding debt costs	$ 184,026	$ 31,823	$ 215,849
Interest income	168,641	10,268	178,909
Capital expenditures, including acquisitions	490,965	79,248	570,213
Total assets	8,834,063	1,256,839	10,090,902
Goodwill	390,422	127,357	517,779

	Year Ended July 31, 2024		
(In thousands)	**United States**	**International**	**Total**
Service revenues	$ 3,126,102	$ 434,900	$ 3,561,002
Vehicle sales	338,633	337,188	675,821
Total service revenues and vehicle sales	3,464,735	772,088	4,236,823
Facility operations	1,440,707	269,377	1,710,084
Cost of vehicle sales	313,449	306,038	619,487
General and administrative	282,545	52,684	335,229
Operating income	$ 1,428,034	$ 143,989	$ 1,572,023
Depreciation and amortization, excluding debt costs	$ 161,685	$ 28,076	$ 189,761
Interest income	140,728	4,945	145,673
Capital expenditures, including acquisitions	491,497	113,906	605,403
Total assets	7,386,103	1,041,661	8,427,764
Goodwill	390,421	123,488	513,909

NOTE 15 — Commitments and Contingencies

Commitments

Letters of Credit

Under the 2026 Credit Agreement, the Company had outstanding letters of credit of $22.5 million at July 31, 2026, which are primarily used to secure certain insurance obligations.

Contingencies

Legal Proceedings

The Company is subject to threats of litigation and is involved in actual litigation and damage claims arising in the ordinary course of business, such as actions related to injuries, property damage, contract disputes, and handling or disposal of vehicles. In addition, from time to time, the Company receives communications from government or regulatory agencies concerning investigations or allegations of noncompliance with laws or regulations in jurisdictions in which the Company operates. Except as otherwise noted in this Note 15, there are no material pending legal proceedings to which the Company is a party, or with respect to which any of the Company's property is subject.

The Company provides accruals for matters when a loss is probable and the amount can be reasonably estimated. The effect of the outcome of any such matters on the Company's future consolidated results of operations and cash flows cannot be predicted because any such effect depends on future results of operations and the amount and timing of the resolution of any such matters. The Company believes that any ultimate liability regarding existing litigation and claims would not have a material effect on its consolidated results of operations, financial position, or cash flows. However, legal and regulatory proceedings are inherently unpredictable, and the amount of the liabilities associated with claims, if any, cannot be determined with certainty. If one or more matters were resolved against us for amounts in excess of the Company's expectations, the impact on the Company's consolidated results of operations, financial position, or cash flow could be material. The Company maintains insurance which may or may not provide coverage for claims made against the Company. There is no assurance that there will be insurance coverage available when and if needed. Additionally, the insurance that the Company carries requires that the Company pay for costs and/or claims exposure up to the amount of the insurance deductibles.

The U.S. Department of Justice, Consumer Protection Branch (DOJ) is conducting an ongoing investigation into potential violations by the Company of certain money laundering laws related to its practices and procedures for preventing and detecting money-laundering activity by its auction platform members. In connection with this investigation, the Company received a letter from the DOJ in October 2023 in which the DOJ indicated the Company may have exposure as a result of potential violations of such money laundering statutes and regulations. The Company is cooperating with the DOJ's investigation. At this time, we are unable to predict the duration, scope, or result of any potential governmental, criminal, or civil proceeding that may result, the imposition of fines and penalties, and/or other remedies, and as a result, are unable to predict the range of possible loss.

NOTE 16 — Guarantees — Indemnifications to Officers and Directors

The Company typically enters into indemnification agreements with its directors and certain of its officers to indemnify them to the extent permitted by law against any and all liabilities, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit, or any judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service to the Company.

NOTE 17 — Related Party Transactions

There were no amounts due to or from related parties as of July 31, 2026 and 2025.

NOTE 18 — Employee Benefit Plan

The Company sponsors defined contribution retirement plans for eligible employees in the United States and certain international locations. Employer contributions are determined in accordance with the provisions of the applicable plans. Expense recognized for these plans totaled $8.7 million, $5.7 million and $4.4 million for the year ended July 31, 2026, 2025, and 2024, respectively, related to this plan.

NOTE 19 — Subsequent Events

On September 10, 2026, the Company entered into a definitive merger agreement to acquire ACV for $10.50 per share, net to the seller in cash, without interest, subject to any required withholding of taxes, representing an implied equity value of approximately $1.9 billion. The transaction is expected to close by the end of calendar year 2026. The consummation of such transaction is subject to the tender of a majority of the outstanding shares of ACV common stock, the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and other customary conditions.

Because the transaction was entered into subsequent to July 31, 2026, it has not been reflected in the accompanying consolidated financial statements. The Company has not completed its evaluation of the accounting for the acquisition, including the determination of the fair values of assets acquired and liabilities assumed, and therefore cannot reasonably estimate the financial statement impact of the transaction.

Exhibit 4.1

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of Copart, Inc. ("us," "our," "we" or the "Company") is a summary of the rights of our common stock and certain provisions of our certificate of incorporation and bylaws currently in effect. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation filed as Exhibit 3.1 to our Current Report on Form 8-K filed on November 2, 2022, our amended and restated bylaws filed as Exhibit 3.1 to our Current Report on Form 8-K filed on March 12, 2024 and the Delaware General Corporation Law. We encourage you to read our amended and restated certificate of incorporation, amended and restated bylaws and the applicable portion of the Delaware General Corporation Law carefully.

General

Our authorized capital stock consists of 1,605,000,000 shares of capital stock, par value $0.0001 per share, of which:

- 1,600,000,000 shares are designated as common stock; and
- 5,000,000 shares are designated as preferred stock.

Our board of directors is authorized, without stockholder approval, except as required by the listing standards of Nasdaq, to issue additional shares of our capital stock.

Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive ratably any dividends declared by our board of directors out of assets legally available. See the section titled "Dividend Policies" in our Form 10-K filed concurrently for additional information. Upon our liquidation, dissolution or winding up, and subject to preferences that may be applicable to any preferred stock outstanding at the time, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding shares of preferred stock. Holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Preferred Stock

No shares of preferred stock are outstanding. Pursuant to our certificate of incorporation, our board of directors has the authority, without further action by the stockholders, to issue from time to time up to five million shares of preferred stock in one or more series. Our board of directors may designate the rights, preferences, powers and the qualifications, limitations or restrictions of any wholly unissued series of the preferred stock, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms and the number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock or delaying, deterring or preventing a change in control. Such issuance could have the effect of decreasing the market price of the common stock. We currently have no plans to issue any shares of preferred stock.

Description of Certain Terms in Our Charter Documents and Delaware Law

Our certificate of incorporation and bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors.

We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Issuance of Undesignated Preferred Stock. As discussed above under "Preferred Stock," our board of directors has the ability to designate and issue series of preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.
Limits on Ability of Stockholders to Call a Special Meeting. Our certificate of incorporation and bylaws provide that special meetings of the stockholders may be called only by a majority of our board of directors, the chairman of the board, the chief executive officer, or stockholders holding at least ten percent (10%) of the total voting power of all issued and outstanding shares of capital stock. This may delay the ability of our stockholders to force consideration of a proposal.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors. These advance notice procedures may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempt to obtain control of our company.

Election of Directors. Our certificate of incorporation and bylaws contain provisions that establish specific procedures for appointing and removing members of our board of directors. Under our certificate of incorporation and bylaws, vacancies and newly created directorships on our board of directors may be filled only by a majority of the directors then serving on the board of directors.

No Cumulative Voting. The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation and bylaws do not expressly provide for cumulative voting. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board of directors' decision regarding a takeover.

Delaware Anti-Takeover Statute. Section 203 of the Delaware General Corporation Law regulating corporate takeovers generally prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction pursuant to which the interested stockholder became an interested stockholder is approved in a prescribed manner.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. However, pursuant to Article XIII of our certificate of incorporation, we have expressly elected not to be governed by Section 203. As a result, we are not subject to the restrictions imposed by Section 203, and we do not have the benefit of the anti-takeover protections that Section 203 would otherwise provide against business combinations with interested stockholders.

The provisions of Delaware law and the provisions of our certificate of incorporation and bylaws could have the effect of discouraging others from attempting hostile takeovers and as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is also possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Choice of Forum. Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for: (A) any derivative action or proceeding brought on behalf of the corporation, (B) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the corporation to the corporation or the corporation's stockholders, (C) any action or proceeding asserting a claim

arising pursuant to any provision of the DGCL or the certificate of incorporation or bylaws, or (D) any action or proceeding asserting a claim governed by the internal affairs doctrine.

Transfer Agent and Registrar
The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent's address is P.O. Box 505000, Louisville, Kentucky 40233-5000, and its telephone number is (877) 282-1168.

Exchange Listing
Our common stock is listed on Nasdaq Global Select Market under the symbol "CPRT".

EXHIBIT 10.1

COPART, INC. 2007 EQUITY INCENTIVE PLAN,
AS AMENDED AND RESTATED

(as amended and restated effective December 16, 2013,
and as further amended and restated on December 16, 2016,
and as further amended on December 4, 2020)

1. *Purposes of the Plan.* The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide incentives to individuals who perform services to the Company, and
- o promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

2. *Definitions.* As used herein, the following definitions will apply:

(a) *"Administrator"* means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group, ("Person") acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any one Person, who is considered to own more than 50% of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to effectively control the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than

50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(f), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

(g) *"Code"* means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(h) *"Committee"* means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

(i) *"Common Stock"* means the common stock of the Company.

(j) *"Company"* means Copart, Inc., a Delaware corporation, or any successor thereto.

(k) *"Consultant"* means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

(l) *"Determination Date"* means the latest possible date that will not jeopardize the qualification of an Award granted under the Plan as "performance-based compensation" under Section 162(m) of the Code.

(m) *"Director"* means a member of the Board.

(n) *"Disability"* means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(o) *"Earnings Per Share"* means as to any performance period, the Company's or a business unit's Profit After-Tax, divided by a weighted average number of Shares outstanding and dilutive common equivalent Shares deemed outstanding, determined in accordance with generally accepted accounting principles.

(p) *"Employee"* means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(q) *"Exchange Act"* means the Securities Exchange Act of 1934, as amended.

(r) *"Exchange Program"* means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have lower exercise prices and different terms), Awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(s) "Fair Market Value" means, as of any date, the value of the Common Stock as the Administrator may determine in good faith by reference to the price of such stock on any established stock exchange or a national market system on the day of determination if the Common Stock is so listed on any established stock exchange or a national market system. If the Common Stock is not listed on any established stock exchange or a national market system, the value of the Common Stock will be determined as the Administrator may determine in good faith.

(t) "F*iscal Year"* means the fiscal year of the Company.

(u) *"Incentive Stock Option"* means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(v) *"Non-Employee Director"* means a Director who is not an Employee.

(w) *"Nonstatutory Stock Option"* means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(x) *"Officer"* means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(y) *"Operating Cash Flow"* means as to any performance period, the Company's or a business unit's sum of Profit After-Tax plus depreciation and amortization less capital expenditures plus changes in working capital comprised of accounts receivable, inventories, other current assets, trade accounts payable, accrued expenses, product warranty, advance payments from customers and long-term accrued expenses, determined in accordance with generally acceptable accounting principles.

(z) *"Operating Income"* means as to any performance period, the Company's or a business unit's income from operations but excluding any unusual items, determined in accordance with generally accepted accounting principles.

(aa) *"Option"* means a stock option granted pursuant to Section 6 of the Plan.

(bb) *"Parent"* means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(cc) *"Participant"* means the holder of an outstanding Award.

(dd) *"Performance Goals"* will have the meaning set forth in Section 11 of the Plan.

(ee) *"Performance Period"* means any Fiscal Year of the Company or such other period as determined by the Administrator in its sole discretion.

(ff) *"Performance Share"* means an Award denominated in Shares which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(gg) *"Performance Unit"* means an Award which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(hh) *"Period of Restriction"* means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(ii) *"Plan"* means this 2007 Equity Incentive Plan, as amended and restated.

(jj) *"Profit After-Tax"* means as to any performance period, the Company's or a business unit's income after taxes, determined in accordance with generally accepted accounting principles.

(kk) *"Profit Before-Tax*" means as to any performance period, the Company's or a business unit's income before taxes, determined in accordance with generally accepted accounting principles.

(ll) *"Restricted Stock"* means Shares issued pursuant to an Award of Restricted Stock under Section 8 of the Plan, or issued pursuant to the early exercise of an Option.

(mm) *"Restricted Stock Unit*" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 9. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(nn) *"Return on Assets"* means as to any performance period, the percentage equal to the Company's or a business unit's Operating Income before incentive compensation, divided by average net Company or business unit, as applicable, assets, determined in accordance with generally accepted accounting principles.

(oo) *"Return on Equity"* means as to any performance period, the percentage equal to the Company's Profit After-Tax divided by average stockholder's equity, determined in accordance with generally accepted accounting principles.

(pp) *"Return on Sales"* means as to any performance period, the percentage equal to the Company's or a business unit's Operating Income before incentive compensation, divided by the Company's or the business unit's, as applicable, Revenue, determined in accordance with generally accepted accounting principles.

(qq) *"Revenue"* means as to any performance period, the Company's or business unit's net sales, determined in accordance with generally accepted accounting principles.

(rr) *"Rule 16b-3*" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(ss) *"Section 16(b)*" means Section 16(b) of the Exchange Act.

(tt) *"Service Provider"* means an Employee, Director, or Consultant.

(uu) *"Share*" means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(vv) *"Stock Appreciation Right*" means an Award, granted alone or in connection with an Option, that pursuant to Section 7 is designated as a Stock Appreciation Right.

(xx) *"Subsidiary"* means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(yy) *"Total Stockholder Return"* means as to any performance period, the total return (change in share price plus reinvestment of any dividends) of a Share.

3. *Stock Subject to the Plan.*

(a) Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that maybe awarded and sold under the Plan is 36,000,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) *Full Value Awards.* Any Shares subject to Awards granted with an exercise price less than the Fair Market Value on the date of grant of such Awards will be counted against the numerical limits of this Section 3 as two (2) Shares for every one (1) Share subject thereto. Further, if Shares acquired pursuant to any such Award are forfeited or repurchased by the Company and would otherwise return to the Plan pursuant to Section 3(c), two (2) times the number of Shares so forfeited or repurchased will return to the Plan and will again become available for issuance.

(c) *Lapsed Awards.* If an Award expires or becomes unexercisable without having been exercised in full,or, with respect to Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, is forfeited to or repurchased by the Company, the unpurchased Shares (or for Awards other than Options and Stock Appreciation Rights, the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). Upon exercise of a Stock Appreciation Right settled in Shares, the gross number of Shares covered by the portion of the Award so exercised will cease to be available under the Plan. Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if unvested Shares of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the tax and/or exercise price of an Award will not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. For purposes of clarification, no Shares purchased by the Company with proceeds received from the exercise of an Option or Stock Appreciation Right will become available for issuance under this Plan. Notwithstanding the foregoing provisions of this Section 3(c), subject to adjustment provided in Section 14, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code, any Shares that become available for issuance under the Plan under this Section 3(c).

(d) *Share Reserve.* The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. *Administration of the Plan.*

(a) *Procedure*.

(i) *Multiple Administrative Bodies.* Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) *Section 162(m)*. To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two (2) or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) *Rule 16b-3.* To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) *Other Administration.* Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) *Powers of the Administrator*. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder;

(iv) to determine the terms and conditions of any, and with the approval of the Company's stockholders, to institute an Exchange Program;

(v) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(vi) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(vii) to modify or amend each Award (subject to Section 19(c) of the Plan). Notwithstanding the previous sentence, the Administrator may not, without the approval of the Company's stockholders: (A) modify or amend an Option or Stock Appreciation Right to reduce the exercise price of such Option or Stock Appreciation Right after it has been granted (except for adjustments made pursuant to Section 14), or (B) cancel any outstanding Option or Stock Appreciation Right and immediately replace it with a new Option or Stock Appreciation Right with a lower exercise price;

(viii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(ix) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award pursuant to such procedures as the Administrator may determine; and

(x) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) *Effect of Administrator's Decision.* The Administrator's decisions, determinations, and interpretations will be final and binding on all Participants and any other holders of Awards.

5. *Eligibility*. Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares, and such other cash or stock awards as the Administrator determines may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. *Stock Options.*

(a) *Limitations*.

(i) Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000 (U.S.), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(ii) The Administrator will have complete discretion to determine the number of Shares subject to an Option granted to any Participant, provided that during any Fiscal Year, no Participant will be granted an Option covering more than 1,000,000 Shares. Notwithstanding the limitation in the previous sentence, in connection with his or her initial service as an Employee, an Employee may be granted Options covering up to an additional 1,000,000 Shares.

(b) *Term of Option.* The Administrator will determine the term of each Option in its sole discretion; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) *Option Exercise Price and Consideration.*

(i) *Exercise Price.* The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, but will be no less than 100% of the Fair Market Value per Share on the date of grant. In addition, in the case of an Incentive Stock Option granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than 10% of the voting power of all classes of stock of the

Company or any Parent or Subsidiary, the per Share exercise price will be no less than 110% of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing provisions of this Section 6(c), Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) *Waiting Period and Exercise Dates.* At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) *Form of Consideration.* The Administrator will determine the acceptable form(s) of consideration for exercising an Option, including the method of payment, to the extent permitted by Applicable Laws.

(d) *Exercise of Option.*

(i) *Procedure for Exercise;* Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator specifies from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with any applicable withholding taxes). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

(ii) *Termination of Relationship as a Service Provider.* If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) *Disability of Participant.* If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) *Death of Participant.* If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by

the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(v) *Other Termination*. A Participant's Award Agreement may also provide that if the exercise of the Option following the termination of Participant's status as a Service Provider (other than upon the Participant's death or Disability) would result in liability under Section 16(b), then the Option will terminate on the earlier of (A) the expiration of the term of the Option set forth in the Award Agreement, or (B) the 10th day after the last date on which such exercise would result in such liability under Section 16(b). Finally, a Participant's Award Agreement may also provide that if the exercise of the Option following the termination of the Participant's status as a Service Provider (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (A) the expiration of the term of the Option, or (B) the expiration of a period of three (3) months after the termination of the Participant's status as a Service Provider during which the exercise of the Option would not be in violation of such registration requirements.

7. *Stock Appreciation Rights.*

(a) *Grant of Stock Appreciation Rights.* Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) *Number of Shares.* The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Participant, provided that during any Fiscal Year, no Participant will be granted Stock Appreciation Rights covering more than 1,000,000 Shares. Notwithstanding the limitation in the previous sentence, in connection with his or her initial service as an Employee, an Employee may be granted Stock Appreciation Rights covering up to an additional 1,000,000 Shares.

(c) *Exercise Price and Other Terms*. The Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan, provided, however, that the exercise price will be not less than 100% of the Fair Market Value of a Share on the date of grant.

(d) *Stock Appreciation Right Agreement.* Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) *Expiration of Stock Appreciation Rights.* A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. Notwithstanding the foregoing, the rules of Section 6(d) also will apply to Stock Appreciation Rights.

(f) *Payment of Stock Appreciation Right Amount*. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

8. *Restricted Stock*.

(a) *Grant of Restricted Stock*. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) *Restricted Stock Agreement*. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine, subject to the terms and conditions of the Plan. Notwithstanding the foregoing sentence, for restricted stock intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, during any Fiscal Year no Participant will receive more than an aggregate of 300,000 Shares of Restricted Stock. Notwithstanding the foregoing limitation, in connection with his or her initial service as an Employee, for restricted stock intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, an Employee may be granted an aggregate of up to an additional 300,000 Shares of Restricted Stock. Unless the Administrator determines otherwise, Shares of Restricted Stock will be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

(c) *Transferability.* Except as provided in this Section 8, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) *Other Restrictions.* Subject to the terms and conditions of the Plan, the Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) *Removal of Restrictions*. Except as otherwise provided in this Section 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) *Voting Rights.* During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) *Dividends and Other Distributions.* During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) *Return of Restricted Stock to Company*. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

(i) *Section 162(m) Performance Restrictions*. For purposes of qualifying grants of Restricted Stock as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals during the Performance Period. The Performance Goals will be set by the Administrator, in writing, on or before the Determination Date. In granting Restricted Stock which is intended to qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals). Notwithstanding anything herein, the Administrator may grant Awards under this Plan that are based on Performance Goals or other specific criteria or goals that are not intended to and do not otherwise qualify as "performance-based compensation" under Section 162(m) of the Code.

9. *Restricted Stock Units.*

(a) *Grant.* Subject to the terms and conditions of the Plan, Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. Each Restricted Stock Unit grant will be evidenced by an Award Agreement that will specify such other terms and conditions as the Administrator, in its sole discretion, will determine, including all terms, conditions, and restrictions related to the grant, the number of Restricted Stock Units and the form of payout, which, subject to Section 9(d), may be left to the discretion of the Administrator. Notwithstanding anything to the contrary in this subsection (a),

for Restricted Stock Units intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, during any Fiscal Year of the Company, no Participant will receive more than an aggregate of 300,000 Restricted Stock Units. Notwithstanding the limitation in the previous sentence, for Restricted Stock Units intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, in connection with his or her initial service as an Employee, an Employee may be granted an aggregate of up to an additional 300,000 Restricted Stock Units.

(b) *Vesting Criteria and Other Terms*. Subject to the terms and conditions of the Plan, the Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. After the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any restrictions for such Restricted Stock Units. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the vesting criteria, and such other terms and conditions as the Administrator, in its sole discretion will determine.

(c) *Earning Restricted Stock Units.* Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as specified in the Award Agreement.

(d) *Form and Timing of Payment*. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) set forth in the Award Agreement. The Administrator, in its sole discretion, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. Shares represented by Restricted Stock Units that are fully paid in cash again will be available for grant under the Plan.

(e) *Cancellation*. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

(f) *Section 162(m) Performance Restrictions*. For purposes of qualifying grants of Restricted Stock Units as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals during the Performance Period. The Performance Goals will be set by the Administrator, in writing, on or before the Determination Date. In granting Restricted Stock Units which are intended to qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals). Notwithstanding anything herein, the Administrator may grant Awards under this Plan that are based on Performance Goals or other specific criteria or goals that are not intended to and do not otherwise qualify as "performance-based compensation" under Section 162(m) of the Code.

10. *Performance Units and Performance Shares.*

(a) *Grant of Performance Units/Shares.* Subject to the terms and conditions of the Plan, Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units/Shares granted to each Participant provided that during any Fiscal Year, for Performance Units or Performance Shares intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, (i) no Participant will receive Performance Units having an initial value greater than $2,000,000, and (ii) no Participant will receive more than 300,000 Performance Shares. Notwithstanding the foregoing limitation, for Performance Shares intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, in connection with his or her initial service, a Service Provider may be granted up to an additional 300,000 Performance Shares.

(b) *Value of Performance Units/Shares*. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) *Performance Objectives and Other Terms.* Subject to the terms and conditions of the Plan, the Administrator will set performance objectives or other vesting provisions. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service),

applicable federal or state securities laws or any other basis determined by the Administrator in its discretion. Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of Performance Units/Shares.

(d) *Earning of Performance Units/Shares*. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

(e) *Form and Timing of Payment of Performance Units/Shares*. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) *Cancellation of Performance Units/Shares.* On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

(g) *Section 162(m) Performance Restrictions*. For purposes of qualifying grants of Performance Units/Shares as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals during the Performance Period. The Performance Goals will be set by the Administrator, in writing, on or before the Determination Date. In granting Performance Units/Shares which are intended to qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals). Notwithstanding anything herein, the Administrator may grant Awards under this Plan that are based on Performance Goals or other specific criteria or goals that are not intended to and do not otherwise qualify as "performance-based compensation" under Section 162(m) of the Code.

11. *Performance-Based Compensation Under Section 162(m) of the Code*

(a) *General*. If the Administrator, in its discretion, decides to grant an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the provisions of this Section 11 will control over any contrary provision in the Plan; provided, however, that the Administrator may in its discretion grant Awards that are not intended to qualify as "performance-based compensation" under Section 162(m) of the Code to such Participants that are based on Performance Goals or other specific criteria or goals but that do not satisfy the requirements of this Section 11.

(b) *Performance Goals.* The granting and/or vesting of Awards of Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units and other incentives under the Plan may be made subject to the attainment of the following performance goals relating to one or more business criteria within the meaning of Section 162(m) of the Code and may provide for a targeted level or levels of achievement ("Performance Goals"): (a) Earnings per Share, (b) Operating Cash Flow, (c) Operating Income, (d) Profit After-Tax, (e) Profit Before-Tax, (f) Return on Assets, (g) Return on Equity, (h) Return on Sales, (i) Revenue, and (j) Total Stockholder Return. Any criteria used may be measured, as applicable, (i) in absolute terms, (ii) in combination with another Performance Goal or Goals (for example, but not by way of limitation, as a ratio or matrix), (iii) in relative terms (including, but not limited to, results for other periods, passage of time and/or against another company or companies or an index or indices), (iv) on a per-share basis, (v) against the performance of the Company as a whole or a segment of the Company and/or (vi) on a pre-tax or after-tax basis. The Performance Goals may differ from Participant to Participant and from Award to Award. Prior to the Determination Date, the Administrator will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant. In all other respects, Performance Goals will be calculated in accordance with the Company's financial statements, generally accepted accounting principles, or under a methodology established by the Administrator prior to the issuance of an Award, which is consistently applied and identified in the financial statements, including footnotes, or the management discussion and analysis section of the Company's annual report. In addition, the Administrator will adjust any performance

criteria, Performance Goal or other feature of an Award that relates to or is wholly or partially based on the number of, or the value of, any stock of the Company, to reflect any stock dividend or split, repurchase, recapitalization, combination, or exchange of shares or other similar changes in such stock.

(c) *Procedures*. To the extent necessary to comply with the performance-based compensation provisions of Section 162(m) of the Code, with respect to any Award granted subject to Performance Goals and intended to qualify as "performance-based compensation" under Section 162(m) of the Code, within the first twenty-five percent (25%) of the Performance Period, but in no event more than ninety (90) days following the commencement of any Performance Period (or such other time as may be required or permitted by Section 162(m) of the Code), the Administrator will, in writing, (i) designate one or more Participants to whom an Award will be made, (ii) select the Performance Goals applicable to the Performance Period, (iii) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (iv) specify the relationship between Performance Goals and the amounts of such Awards, as applicable, to be earned by each Participant for such Performance Period.

(d) *Additional Limitations.* Notwithstanding any other provision of the Plan, any Award which is granted to a Participant and is intended to constitute qualified performance-based compensation under Section 162(m) of the Code will be subject to any additional limitations set forth in the Code (including any amendment to Section 162(m)) or any regulations and ruling issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m) of the Code, and the Plan will be deemed amended to the extent necessary to conform to such requirements.

(e) *Determination of Amounts Earned*. Following the completion of each Performance Period, the Administrator will certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. A Participant will be eligible to receive payment pursuant to an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code for a Performance Period only if the Performance Goals for such period are achieved. In determining the amounts earned by a Participant pursuant to an Award intended to qualified as "performance-based compensation" under Section 162(m) of the Code, the Administrator will have the right to (a) reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period, (b) determine what actual Award, if any, will be paid in the event of a termination of employment as the result of a Participant's death or disability or upon a Change in Control or in the event of a termination of employment following a Change in Control prior to the end of the Performance Period, and (c) determine what actual Award, if any, will be paid in the event of a termination of employment other than as the result of a Participant's death or disability prior to a Change in Control and prior to the end of the Performance Period to the extent an actual Award would have otherwise been achieved had the Participant remained employed through the end of the Performance Period.

12. *Leaves of Absence.* Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Service Provider will not cease to be an Employee in the case of (i) any leave of absence approved by the Company, or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months and one day following the commencement of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

13. *Transferability of Awards*. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

14. *Adjustments; Dissolution or Liquidation; Merger or Change in Control.*

(a) *Adjustments*. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure

of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits set forth in Sections 3, 6, 7, 8, 9, 10, and 23.

(b) *Dissolution or Liquidation*. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) *Change in Control.* In the event of a merger or Change in Control, each outstanding Award will be treated as the Administrator determines, including, without limitation, that each Award will be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation (the "Successor Corporation"). The Administrator will not be required to treat all Awards similarly in the transaction.

In the event that the Successor Corporation does not assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock will lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted for in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be fully vested and exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a Stock Appreciation Right upon the exercise of which the Administrator determines to pay cash or a Performance Share or Performance Unit which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the Successor Corporation, the Administrator may, with the consent of the Successor Corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Performance Share or Performance Unit, for each Share subject to such Award (or in the case of Performance Units, the number of implied shares determined by dividing the value of the Performance Units by the per share consideration received by holders of Common Stock in the Change in Control), to be solely common stock of the Successor Corporation equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 14(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more Performance Goals will not be considered assumed if the Company or its successor modifies any of such Performance Goals without the Participant's consent; provided, however, a modification to such Performance Goals only to reflect the Successor Corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

15. *Tax Withholding.*

(a) *Withholding Requirements.* Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) *Withholding Arrangements.* The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation)

(i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value (as determined by the Company) equal to the minimum amount required to be withheld or other greater amount up to the maximum statutory rate under Applicable Laws, as applicable to the Participant, if such other greater amount would not result in adverse financial accounting treatment, as determined by the Company (including in connection with the effectiveness of FASB Accounting Standards Update 2016-09 amending FASB Accounting Standards Codification Topic 718, Compensation – Stock Compensation), (iii) delivering to the Company already-owned Shares having a fair market value equal to the amount required to be withheld, or (iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The fair market value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

16. *No Effect on Employment or Service*. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

17. *Date of Grant.* The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

18. *Term of Plan*. Subject to Section 22 of the Plan, the Plan will become effective upon its adoption by the Board. It will continue in effect for a term of ten (10) years from the date of the 2016 annual meeting of the Company's stockholders unless terminated earlier under Section 19 of the Plan.

19. *Amendment and Termination of the Plan.*

(a) *Amendment and Termination.* The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) *Stockholder Approval.* The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) *Effect of Amendment or Termination.* No amendment, alteration, suspension, or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

20. *Conditions Upon Issuance of Shares.*

(a) *Legal Compliance*. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) *Investment Representations.* As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

21. *Inability to Obtain Authority*. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will

relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

22. *Stockholder Approval*. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws

23. *Non-Employee Director Limitations.* No Non-Employee Director may be granted in any Fiscal Year, Awards covering more than 200,000 Shares, increased to 250,000 Shares in the Fiscal Year of his or her initial service as a Non-Employee Director. Any Awards granted to an individual while he or she was an Employee, or while he or she was a Consultant but not a Non-Employee Director, shall not count for purposes of this limitation.

24. *Forfeiture Events.* The Administrator may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award will be subject to the reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Notwithstanding any provisions to the contrary under this Plan, an Award shall be subject to the Company's clawback policy as may be established and/or amended from time to time (the "Clawback Policy"). The Administrator may require a Participant to forfeit, return or reimburse the Company all or a portion of the Award and any amounts paid thereunder pursuant to the terms of the Clawback Policy or as necessary or appropriate to comply with Applicable Laws.

EXHIBIT 10.14

COPART, UK EMPLOYMENT AGREEMENT

INTRODUCTION

This Employment Agreement is between the person named in Appendix 1 and Copart UK Limited (referred to as 'the Company') and is in accordance with the Employment Rights Act 1996. It sets out the main terms of your employment. The Employee Handbook that will be issued to you separately and various other company policies that will be made available to you from time to time provide useful guidance, policies and procedures that help both parties follow a fair and consistent approach to running our business and for you to perform your job. The Employee Handbook and the Company's policies and procedures do not form part of this Employment Agreement and do not have contractual effect and may be updated periodically. This Employment Agreement annuls any previous agreement, whether verbal or written, given to you at any time previously.

This Employment Agreement has been issued on the basis that you have provided to the Company details of referees from whom the Company will request and obtain references. The offer of employment to you by the Company is conditional upon receipt of satisfactory references. If satisfactory references are not received by the Company you agree that the Company has the right to dismiss you.

In this Employment Agreement any reference to "Group" means the Company and all other companies which are for the time being either a Holding Company of the Company or a subsidiary of the Company or any such Holding Company. For these purposes "subsidiary" and "Holding Company" have the meanings as set out in Section 1159 of the Companies Act 2006.

JOB INFORMATION

You are employed from the date shown in Appendix 1 in the role described in Appendix 1. For statutory purposes, your continuous service commenced on the date shown in Appendix 1.

Your main duties will be as described in your job description, and your employment will be based at our Wootton Head Office at Acrey Fields, off Green Lane, Woburn Road, Wootton, Bedfordshire, MK43 9EJ as required to meet the needs of your job role. In addition to your normal role you may be required to perform other duties as directed by your manager.

You agree that the Company has the right to make reasonable variations to your job title, description and/or responsibilities, or second you or permanently transfer you to work of a similar nature in this or other locations within a reasonable travelling distance, and will give you prior notice of any such variation or secondment.

You will be responsible for taking all reasonable care of any Company property provided to you in the furtherance of your employment.

You may not undertake any other employment outside this company's working hours without the written consent of the Chief Executive Officer — Europe & Middle-East.

REMUNERATION

Your Annual Basic Salary will be as set out in Appendix 1, paid directly into your nominated Bank or Building Society Account. Your salary will be payable in monthly instalments, and usually on the 23rd day of each month. The Company will review your Annual Basic Salary annually from the start of your employment, but you have no entitlement to a salary increase in any year.

In addition to your salary you will be entitled to a Car Allowance which is set out in Appendix 1. This addition to your Annual Basic Salary will be payable in monthly instalments and is not subject to review.

In addition. you may be paid an annual Bonus up to a maximum of 100% of your Annual Basic Salary, at the Company's absolute discretion. A Bonus would not normally be awarded for an initial period of less than one full financial year. However, in recognition of your role and expected contribution, you will be entitled to a maximum bonus of £75,000 related to the 2019 financial year.

Payment in any one year does not confer any entitlement to a payment in future years. Any Bonus payment does not form part of your pensionable salary or inclusion with your Annual Basic Salary.

Entitlement to both a review of your Annual Basic Salary and any potential Bonus payment commences from your start date.

You will normally be repaid reasonable expenses incurred in the proper performance of your duties through either petty cash or the Company's Business Expense Policy & Procedure.

You agree that the Company has the right to alter its pay frequency, payment method and pay dates upon providing you with prior written notice.

You agree that the Company may make such deductions from your pay or any other remuneration due to you as may be necessary to reimburse the Company against any liability which you may owe or which has been incurred by you to the Company including any loans, advances or losses however caused by you during your employment.

RELOCATION

You agree that within a period of six months from the commencement of your employment you will relocate from your current Newport, Wales property to a location within a reasonable distance from the Wootton Head Office.

The Company will reimburse ail relevant expenditure for your relocation, including travel expenses, hotel accommodation and legal fees associated with the sale and purchase of your properties, property related expenditure and removal costs.

All expenses should be agreed in advance and claimed through the Business Expense Policy & Procedure using the manual claim process.

PROBATIONARY PERIOD

You are not subject to a probationary period as part of this employment.

HOURS / WORKING TIME

Your normal working hours will be 40 hours per week working eight hours per day Monday to Friday inclusive, plus an entitlement to unpaid breaks of up to one hour per day, and with such additional hours as may be required to carry out the duties of the position. No payment will be made for any additional hours worked by you.

You agree that the 48 hour maximum working week limit in regulation 4 of the Working Time Regulations 1998 shall not apply to you. During your employment you may give the Company three months written notice that you wish this opt out to cease to apply.

ANNUAL HOLIDAY

Your annual holiday entitlement will be 25 days per annum, and the annual holiday year runs from 1st January to 31st December. This entitlement is in addition to normally recognised Public Bank Holidays.

All holidays can only be taken with the approval of your line manager. Holidays in excess of two working weeks will not normally be accepted, although written requests to meet exceptional circumstances will always be considered.

Any holiday entitlement that is not taken by the end of the holiday year cannot be carried over to the next holiday year nor paid, and shall therefore be considered lost.

In the year in which your employment commences your holiday entitlement will accrue on a pro rata basis at the rate of 1/12th of your annual holiday entitlement for each fully completed month of service worked, and will be calculated by reference to your first day of work. Your actual entitlement for the remainder of the current holiday year is shown in Appendix 1.

Upon termination of your employment, you will be entitled to accrued holiday pay at a rate of 1/12th of your annual holidays entitlement for each fully completed month of service in the current holiday year, less any days already taken. If you have taken holiday in excess of your accrued entitlement at the date of termination you will be required to repay any excess holiday pay and/or the Company will be entitled to deduct any excess holiday pay from your final salary payment. You agree that the Company has the right to require you to take any outstanding holiday entitlement on or after when notice was given.

PENSION SCHEME

The Company will comply with any duties it may have in respect of you under part 1 of the Pensions Act 2008 in respect of auto-enrolment. There is no contracting out certificate in place in relation to your employment.

You will be auto-enrolled into the Group Personal Pension Plan the contribution levels will be in accordance with the prevailing legal requirement at the time, in addition to your own contribution, unless stated to the contrary in Appendix 1. The Company shall be entitled to deduct from your salary any amounts payable by you as member contributions to such pension scheme as the Company is using from time to time.

Any auto-enrolment is subject to an initial waiting period of up to three months. Full details of the scheme will be provided to you directly by our provider once they have been notified of your eligibility into the scheme. You have the opportunity to opt into the scheme earlier by providing the Company your request in writing.

LIFE ASSURANCE COVER

Subject to acceptance by the Company's insurers you will be provided with death in service insurance cover on a non-contributory basis from your start date. The amount of cover will equal four times your basic salary, subject to the terms of the policy in place at the time and the claim being accepted by the insurers.

HEALTHCARE

You will be eligible for private medical cover for yourself, your spouse, partner, civil partner and children up to 25 years of age from your start date. You agree that the Company has the right to terminate its participation in any scheme or to substitute it in any way.

SICKNESS ABSENCE

It is necessary for the efficient operation of the Company that its employees attend work regularly. If at any time you are unable to work due to illness or accident, you must inform your line manager at the earliest opportunity on your first day of absence, and certainly before 9am. Unless you are totally incapacitated, you should make personal contact with your line manager by telephone. You should inform your line manager of the reason for the absence and the expected length of the absence. You should continue to contact your line manager on a daily basis, unless instructed to the contrary, to update them on your sickness.

Failure to follow the reporting procedure described above may result in disciplinary action being taken.

If your sickness is for less than eight consecutive days you must report to your line manager upon your return to work to discuss your absence and you must complete a self-certification form on your first day back to work

If your absence is for eight days or more you must provide your line manager with a Doctor's Certificate stating the reason for your absence. The first certificate should be posted to your line manager no later than the eighth day of sickness. Further Doctor's Certificates must be forwarded to your line manager on the day they are issued to you by your Doctor and you must be covered by a Doctor's Certificate in advance at all times until you return to work.

Provided that you have fully satisfied the reporting requirements, and subject to the Company's right to terminate your employment for any reason including incapacity, your entitlement to receive Company Sick Pay will be as follows:

- Upon engagement and until the completion of six months service you will receive entitlement to. Statutory Sick Pay only when you qualify for it under prevailing legislation.
- After six months service and up to one year's service you will be entitled to Company Sick Pay for a maximum of one month.
- After completing one complete year’s service your entitlement to Company Sick Pay will increase to a maximum of three months.

Service with a previous employer is excluded, irrespective of continuous service. Employees must work at least 6 months with Copart UK Limited to qualify for the above entitlements.

For the purposes of calculating sick pay entitlement a week shall mean your normal working days in any calendar week.

The provision of Company Sick Pay is totally discretionary therefore you agree that the Company has the right to exclude you from the scheme at its own discretion. Failure to follow the reporting procedure described above may result in Company Sick Pay being withheld.

Any continued payment of Company Sick Pay once your entitlement has been exhausted will be entirely at the Company's discretion. The Sick Pay year, for calculation purposes, starts from the first period of absence in any 52 week period. If you ever exhaust your entitlement to Company Sick Pay you will not be entitled to Company Sick Pay for the following twelve month period from the date of exhaustion. Any entitlement to Company Sick Pay will be reinstated once this twelve month period has been completed and the completion of this twelve month period will be deemed to be the start of the next sick pay year. Qualifying days for Statutory Sick Pay calculation are every day between Monday and Sunday.

The Company may wish to obtain a medical report in respect of any illness or medical condition from which you may be suffering and you agree that if requested you will attend a medical examination by a medical practitioner appointed by the Company and you will authorise the practitioner to disclose and discuss the results of any report with the Company's Human Resources personnel.

OTHER ABSENCES

Statutory rights to maternity, paternity, parental, adoption, and dependent care leave (referred to as family leave) and the right to request flexible working shall apply to your employment. You can obtain further information as to your entitlement from the Employee Handbook.

You should whenever possible, seek authority from your line manager for any absence beforehand. If this is not possible, you should notify your line manager before 9am on your first day of absence. On return to work after any period of absence for which prior permission has not been obtained, you should report to your line manager on arrival and before the commencement of work.

Any requests for bereavement/compassionate leave will be treated on a case by case basis as is entirely at the discretion of the Company. The amount of leave to be given and whether it should be paid or unpaid will rest with your line manager. Further information can be obtained in the Employee Handbook.

You should arrange any medical, dental or hospital appointments outside normal working i hours whenever possible. If appointments cannot be made outside normal working hours then they should be made at the beginning or end of the working day. In the unlikely event that you are absent for more than half a day, this absence will be treated as sickness absence.

You should advise your line manager of any call for Jury Service as soon as possible and provide evidence of the requirement for you to attend.

Any unauthorised absence from work may lead to disciplinary action being taken against you. For the avoidance of doubt, absence from work which does not fall into one of the following categories will be considered unauthorised absence approved annual leave, public holidays, approved time off, sickness absence, reasonable absence to attend medical or dental appointments, and approved special leave (including family leave.)

ALCOHOL & DRUG POLICY

The Company operates a zero-tolerance approach to drug and alcohol misuse. We support this approach by reserving the right to conduct ad-hoc drug and alcohol testing. Failed results in any test and/or failure to comply with a request to be subjected to a test will result in disciplinary action being taken, where the Company is likely to regard it as an act of gross misconduct.

DISCIPLINARY PROCEDURES

The Company operates a disciplinary procedure, the details of which can be found in the Employee Handbook. The disciplinary procedure does not form part of your Contract of Employment and is not intended to be contractually binding. You agree that the Company has the right not to follow any part of the disciplinary procedure where it considers appropriate (for example, where you have less than one years service.)

Should you be dissatisfied with the outcome of any disciplinary action taken against you, which will always be confirmed in a written letter, you will be provided the opportunity to appeal in writing to a more senior manager not previously involved in the original procedure, which should be done within five days from receipt by you of the warning letter.

You agree that the Company has the right at its absolute discretion to suspend you from work with pay, by giving you notice of your suspension in writing. Such notice will specify the dates of your suspension and the conditions applicable to your suspension.

You agree that the Company has the right in its absolute discretion to waive any of the penalties referred to in the disciplinary procedure and substitute "demotion." The Company will give you notice in writing giving details of any consequential change to your terms and conditions of employment. In particular the notice will give details of any reduction in your salary and/or privileges consequent upon such demotion.

GRIEVANCE PROCEDURE

The Company operates a grievance procedure, the details of which can be found in the Employee Handbook. You may use the company grievance procedure to lodge complaints about any employment related matter.

HEALTH & SAFETY

The Company places an extremely high importance on all matters of health and safety. All employees have a statutory duty to comply with all health and safety rules, and to take all reasonable care to promote the health and safety at work of themselves and their colleagues. You should take responsibility for your own health and safety and report accidents, incidents or unsafe situations.

The Company has a health and safety policy in place together with additional guidance, both of which are contained in the Employee Handbook. Any breach of the health and safety policy will result in disciplinary action being taken.

CONFIDENTIALITY & NON-COMPETITION

It is a condition of your employment that you shall not, either during the course of your employment or at any time thereafter, except in the proper performance of your duties, use, disclose or cause any unauthorised disclosure, or communicate to any person, and you shall use your best endeavours to prevent the unauthorised publication, use or disclosure, of the private affairs, trade secrets or other confidential information relating to the business accounts plans or finances of the Company or the Group. This restriction shall cease to apply to information that becomes available, other than by your default, to the public domain or to information which you are required to disclose by law.

“Confidential Information” includes, without limitation, all information relating to the business, finances or organisation of the organisation in which you work, the Company or any other company within the Group, its systems, techniques or know-how, its suppliers or customers which is not readily ascertainable other than to persons employed by the Company and or Group and any information in respect of which the Company owes an obligation of confidentiality to any third party.

It is a condition of your employment that you will not at any time, either during the continuance of your employment, or for a period of one year following its termination for any reason, knowingly engage, employ or solicit for employment, interfere with, or endeavour to entice away from the Company and or Group, any Employee of the Company and or Group.

You warrant that you will not at any time, either during the continuance of your employment, of for a period of one year following its termination for any reason, knowingly engage, employ or solicit for employment, interfere with, or endeavour to entice from the Company and or Group, and employee of the company and or Group.

It is a further condition of your employment that you will not, for a period of one year from the date of termination of your employment, directly or indirectly, on your own behalf, or on behalf of any person, firm or company in connection with any business which is or is intended or about to be competitive with the Restricted Business (as defined below) or in relation to the provision of any goods or services similar to or competitive with those sold or provided by the Company or any Group company in connection with the Restricted Business:

- solicit or canvass the custom of any Customer (as defined below);
- solicit or-canvass the custom of any Potential Customer (as defined below);
- deal with any Customer;
- deal with any Potential Customer.

"Employee" shall mean any employee of the Company or any Group company employed at the date of termination of your employment in the capacity of director or in any research, technical, IT, financial, marketing or sales function or other managerial role whom you have managed or with whom you have worked at any time during the period of 12 months preceding the termination of your employment, and shall not include any employee employed in an administrative, clerical, manual or secretarial capacity.

"Customer" shall mean any person, firm or company who at the date of termination of your employment or at any time during the 12 months immediately prior to such termination was a customer of the Company or any Group company and from whom you had obtained business on behalf of the Company or any Group Company or to whom you had provided or arranged the provision of goods or services on behalf of the Company or any Group company or for whom you had management responsibility in any case at any time during the period of 12 months immediately prior to the date of termination of your employment;

"Potential Customer" shall mean any person, firm or company with whom either you or any other employee of the Company or any Group company for whom you had, at the date of the negotiations, management responsibility carried out negotiations on behalf of the Company or any Group company at any time during the period of 3 months immediately prior to the date of termination of your employment with a view to such person, firm or company becoming a customer of the Company or of any Group company.

"Restricted Business" shall mean any business or any part of any business which in either case:

- is carried on by the Company or any Group company at the date of termination of your employment; or
- was carried on by the Company or by any Group company at any time during the period of 6 months immediately prior to the date of termination of your employment or
- is to your knowledge to be carried out by the Company or by any Group company at any time during the period of 6 months immediately following the date of termination of your employment];

and which you were materially concerned with or had management responsibility for (or had substantial confidential information regarding) in either case at any time during the period of 12 months immediately prior to the date of termination of your employment.

SUPPLIERS, BUYERS, CUSTOMERS & COMPETITORS

The Company has adopted an ethical behaviour policy for all of its employees in relation to their dealings with suppliers and potential suppliers. To avoid there ever becoming a conflict of interest in fulfilling your duties you must immediately inform a Director if you become aware that you, a relative or friend, are connected, employed or otherwise associated with another person who is either employed or otherwise engaged as an agent as one of the Company's suppliers, buyers, customers or competitors.

NOTICE / TERMINATION

During the first year of your employment this Employment Agreement may be terminated by you by providing the Company with written notice of six months. You will be entitled to receive three months' notice from the Company should it terminate your employment.

However, your employment may be terminated without notice in the event of gross, misconduct, or by one week's notice as a result of receipt of unsatisfactory references to the Company subsequent to the commencement of your employment.

Upon completion of twelve months service, this Employment Agreement may be terminated by you by providing the Company with written notice of nine months, which will be the same length of notice you are entitled to receive from us to terminate your employment.

A notice given to a party under this Employment Agreement shall be in writing in the English language and signed by or on behalf of the party giving it. It shall be delivered by hand or sent to the party at the address set out in Appendix 1 or as otherwise notified in writing to the other party. Any such notice shall be deemed to have been received:

- if delivered by hand, at the time the notice is left at the address or given to the addressee;

•in the case of pre-paid first-class UK post or other next working day delivery service, at 9:00am on the second business day after posting or at the time recorded by the delivery service; and

•in the case of email, at the time of receipt.

You agree that the Company has the right, at its absolute discretion, to pay your salary in lieu of notice instead of requiring you to work any notice period.

GARDEN LEAVE

In the event that notice is given, by either party, to terminate this employment, you agree that the Company has the right, solely at its own discretion, to require you not to attend work, and/or vary or suspend your normal duties and responsibilities, and/or require you not to contact other employees customers or suppliers, for part or all of the notice period, providing it continues to pay all contractual entitlements to you. Such a period would be termed "garden leave." During any garden leave period all other terms and conditions will continue to apply.

Upon termination of your employment, or at the request of the Company if the garden leave Provision above has been invoked, you are required to return to the Company all property relating to or belonging to the Company including, but not limited to, keys, credit cards, computing and communication equipment, all original documents in both hard and electronic copy and all copies of all documents, all plans, designs specifications, tender information, correspondence, manuscripts, records, documents, accounts and all other Company and or Group papers and property of any description that may have been allocated to you. If any Company and or Group property is not returned or has been damaged, save for normal wear and tear, then the Company may deduct the costs of replacement or repair from any outstanding salary due to you.

COLLECTIVE AGREEMENTS

The Company does not have any Collective Agreement with any other party.

Each party acknowledges that in entering into this agreement it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this agreement.

Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this agreement.

Nothing in this clause shall limit or exclude any liability for fraud.

THIRD PARTY RIGHTS

No one other than a party to this Employment Agreement shall have any rights to enforce it.

VARIATION

No variation or agreed termination of this Employment Agreement shall be effective unless it is in writing and signed by the parties (or their authorised representatives.)

GENERAL

To safeguard you and to ensure that there is no abuse with regard to the removal of Company or client property or equipment, you agree that the Company has the right to search any employee or the contents of their parcels, bags or briefcases of any description or their vehicles entering or leaving the premises. The search will be conducted in the presence of another person and you will have the right to ensure that another independent witness is present if so required. You have the right to request that the search is carried out by someone of the same sex as you.

Any employee found in possession of Company or client property without the appropriate permission will be liable for summary dismissal and the Company may instigate criminal proceedings. A refusal to allow a search to take place will be also regarded as serious misconduct and the Company may draw an adverse inference from such refusal.

You may not purchase machinery, materials, etc. of any description on behalf of the Company unless appropriate written authorisation has been obtained before the purchase is made.

The Company may on occasion need to make changes to your terms and conditions of employment to reflect the changing needs of the business. You agree that the Company has the right to make such changes as necessary and will notify you with full details of any changes in writing and in advance.

This employment agreement is in substitution for any previous contracts of employment between you and the Company. If there is ever a conflict between the terms of this employment agreement

and any other document or policy including your offer letter, then the terms of this employment agreement will always prevail.

JURISDICTION

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

SIGNED ON BEHALF OF THE COMPANY

/s/ PAUL BREWER

Paul Brewer

HUMAN RESOURCES DIRECTOR - EUROPE

YOUR AGREEMENT

I accept the terms and conditions of my employment as set out in this Employment Agreement.

/s/ JANE POCOCK

(Signature)

JANE POCOCK 2/12/18 (Date)

Copart UK Data Protection Notice

WHAT IS THE PURPOSE OF THIS DOCUMENT

Copart UK Limited ('Copart') is committed to protecting the privacy and security of your personal information. This Data Protection Notice ("Notice") describes how we collect and use personal information about you during and after your working relationship with us, which is in accordance with the General Data Protection Regulation (GDPR). All employees of Copart UK Limited and all its subsidiaries, based in the UK and irrespective of contractual status, must fully comply with this Notice. All employees of Copart UK Limited, particularly line managers, enforce the application of this Notice as necessary.

Copart is a "data controller". This means that we are responsible for deciding how we hold and use personal information about you. We are required under data protection legislation to provide you with the information contained in this Notice.

This Notice applies to current and former employees, workers and contractors. This Notice does not form part of any Employment Agreement or other contract to provide services. We may update this Notice at any time.

It is important that you read this Notice, together with any other data or privacy information that we may provide you on specific occasions when we are collecting or processing personal information about you, so that you are aware of how and why we are using such information.

DATA PROTECTION PRINCIPLES

We will always comply with data protection law. This says that the personal information we hold about you must be:

- Used lawfully, fairly and in a transparent way.
- Collected only for valid purposes that we have clearly explained to you and not used in any way that is incompatible with those purposes.
- Relevant to the purposes we have told you ‘about and limited only to those purposes.
- Accurate and kept up to date.
- Kept only as long as necessary for the purposes we have told you about.
- Kept securely

THE KIND OF INFORMATION WE HOLD ABOUT YOU

Personal data or personal information, means any information about an individual from which that person can be identified. Additionally, there are "special categories" of more sensitive personal data which require a higher level of protection. Personal data (special categories of personal data) does not include data where the identity has been removed (anonymous data).

We will collect, store, and use the following categories of personal information about you:

- Personal contact details such as name, title, addresses, telephone numbers, and personal email addresses
- Date of birth
- Gender
- Marital status and dependants
- Next of kin and emergency contact information
- National Insurance number
- Bank account details, payroll records and tax status information
- Salary, annual leave, pension and benefits information
- Start date
- Location of employment or workplace
- Copy of driving licence
- Copy of your car insurance, if you use your car for business purposes
- Recruitment information (including copies of right to work documentation, references and other information included in a CV or cover letter or as part of the application process)
- Employment records (including job titles, work history, working hours, training records and professional memberships)
- Compensation history
- Performance information
- Disciplinary and grievance information
- CCTV footage and other information obtained through electronic means as may be implemented by the Company from time-to-time
- Information about your use of our information and communications systems
- Photographs

We may also collect, store and use the following "special categories" of more sensitive personal information:

- Information about your race or ethnicity, religious beliefs, sexual orientation and political opinions

- Information about your health, including any medical condition, health and sickness records
- Genetic information and biometric data
- Information about criminal convictions and offences

HOW IS YOUR PERSONAL INFORMATION COLLECTED

We collect personal information about employees through the application and recruitment process, either directly from candidates or sometimes from an employment agency or background check provider. We may sometimes collect additional information from third parties including former employers, credit reference agencies or other background check agencies as may be required by insurers.

We will collect additional personal information in the course of job-related activities throughout the period of you working for us.

HOW WE WILL USE INFORMATION ABOUT YOU

We will only use your personal information when the law allows us to. Most commonly, we will use your personal information in the following circumstances:

- Where we need to perform the Employment Agreement or other contract to provide services that we have entered into with you;
- Where we need to comply with a legal obligation; or
- Where it is necessary for our legitimate interests (or those of a third party) and your interests and fundamental rights do not override those interests.

We may also use your personal information in the following situations; which are likely to be rare:

- Where we need to protect your interests (or someone else's interests); or
- Where it is needed in the public interest.

SITUATIONS IN WHICH WE WILL USE YOUR PERSONAL INFORMATION

We need all the categories of information in the list set out above primarily to allow us to perform our contract with you (i.e. your Employment Agreement or other contract to provide services) and to enable us to comply with legal obligations (i.e. payment of National Insurance and PAYE). In some cases, we may use your personal information to pursue legitimate interests of our own or those of third parties, provided your interests and fundamental rights do not override those interests. The situations in which we will process your personal information are listed below. We have indicated in the table the purpose or purposes for which we are processing or will process your personal information, as well as indicating which categories of data are involved.

We process your personal data on the grounds of 'legitimate interests' as follows:

Processing Activity	**Why we process that data**
Making a decision about your recruitment or appointment	To ensure that we hire in accordance with our requirements and policies
Determining the terms on which you work for us	To enable us to specify the terms on which we are prepared to engage you
Business management and planning, including accounting and auditing	To ensure proper management of our business
Education, training and development requirements	To help us develop your skills and ensure that you remain able to perform your duties

Conducting performance reviews managing performance and determining performance requirements	To ensure the proper management of our business, to assist you with performance and manage any performance concerns
Making decisions about salary reviews and compensation and promotions	To ensure the proper management of remuneration and development of all staff in our business
Gathering evidence for disciplinary or grievance hearings	To ensure that employment law and best practice is followed in our business
Making decisions about your relationship with us, including promotion and termination	To enable us to make decisions relevant to our relationship
Ascertaining your ability to work	To ensure that you have the skills and ability necessary to perform your role
To investigate fraud, theft or improper conduct	To protect our business and ensure that the law is followed
To monitor your use of our information and communication systems to ensure complies with our policies	To ensure that your use of our IT system compliance with our IT policies

We process your personal data to enable us to perform our contract with you so that we can;

- Pay you
- Provide benefits to you such as pension, life assurance, share plan, and access to offers and discounts from third party providers
- Generally administer the contract that we have entered into with you

We process your personal data to ensure that we are compliant with our legal obligations by;

- Checking you are legally entitled to work in the UK
- Deducting tax and National Insurance contributions or liaising with our pension provider
- Complying with any health & safety at work obligations
- Complying with any regulation or legislation 'as may be implemented from time to time

Some of the above grounds for processing will overlap and there may be several grounds which justify our use of your personal information.

If you fail to provide certain information when requested, we may not be able to perform the contract we have entered into with you (such as paying you or providing a benefit), or we may be prevented from complying with our legal obligations (such as to ensure the health and safety of our workers).

CHANGE OF PURPOSE

We will only use your personal information for the purposes for which we collected it, unless we reasonably consider that we need to use it for another reason and that reason is compatible with the original purpose. If we need to use your personal information for an unrelated purpose, we will notify you and we will explain the legal basis which allows us to process your personal data for the new purpose. You should note that we may process your personal information without your knowledge or consent, in compliance with the above rules, where this is required or permitted by law.

SPECIAL CATEGORIES OF PERSONAL INFORMATION

Special categories (or particularly sensitive personal information) require higher levels of protection. We need to have further justification for collecting, storing and using this type of personal information. We may process special categories of personal information in the following circumstances;

- In limited circumstances, with your explicit written consent; or

•Where we need to carry out our obligation and duties as an employer; or

•Where it is needed in the public interest, such as for equal opportunities monitoring or

•Where it is needed to assess your working capacity on health grounds, subject to appropriate confidentiality safeguards.

Less commonly, we may process this type of information where it is needed in relation to legal claims or where it is needed to protect your interests (or someone else's interests) and you are not capable of giving your consent, or where you have already made the information public.

We will use your special categories of personal information in the following ways

•We will use information relating to leaves of absence, which may include sickness absence or family related leaves, to comply with employment and other legislation.

•We will use information about your physical or mental health, or disability status, to ensure your health and safety in the workplace and to assess your fitness to work, to provide appropriate workplace adjustments, to monitor and manage sickness absence and to administer benefits.

•We will use information about your race or national or ethnic origin, religious, philosophical or moral beliefs, or your sexual life or sexual orientation, to ensure meaningful equal opportunity monitoring and reporting.

We do not need your consent if we use special categories of your personal information in accordance with our written policy to carry out our legal obligations or exercise specific rights in the field of employment law. In limited circumstances, we may approach you for your written consent to allow us to process certain special categories of personal Information. If we do so, we will provide you with full details of the information that we would like to use it and the reason we need use it, so that you can carefully consider whether you wish to consent. You should be aware that it is not a condition of your Employment Agreement with us that you agree to any request for consent from us.

INFORMATION ABOUT CRIMINAL CONVICTIONS

We may only use information relating to criminal convictions where the law allows us to do so. This will usually be where such processing is necessary to carry out our obligations and provided we do so in line with this document. Less commonly, we may use information relating to criminal convictions where it is necessary in relation to legal claims, where it is necessary to protect your interests (or someone else's interests) and you are not capable of giving your consent, or where you have already made the information public.

We envisage that we may hold information about criminal convictions. We will only collect information about criminal convictions if it is appropriate given the nature of the role and where we are legally able to do so. Where appropriate, we will collect information about criminal convictions as part of the recruitment process or we may be notified of such information directly by you in the course of you working for us. We will use information about criminal convictions and offences in the following ways:

•Where, for example, some of our vehicles are fitted with trackers which may reveal your whereabouts in the event that you are subject to a motoring offence prosecution or

•Where, for example, our CCTV may capture images of individuals committing criminal activities

We are allowed to use your personal: information in this way because it is necessary for the field of employment law or because it is necessary for the establishment, exercise or defence of legal claims.

DATA SHARING

We will transfer the personal information we collect about you to our parent company in the US, Copart Inc and this information will be held on IT systems located in the US.

We will also share your personal information with other entities in our group as part of our regular reporting activities on company performance (including internal audits), in the context

of a business reorganisation or group restructuring exercise, for system maintenance support and hosting of data.c

We may have to share your data with third parties where required by law, where it is necessary to administer the working relationship with you or where we have another legitimate interest in doing so.

"Third parties" includes third-party service providers (including contractors and designated agents) and other entities within our group. The categories of third parties with whom we share your data may include:

- Life insurance providers where you receive death in service cover); or
- Our professional advisors;
- Private medical health providers (where you receive such cover).

We may also share your personal information in the context of the possible sale or restructuring of the business. We may also need to share your personal information with a regulator or to otherwise comply with the law.

DATA SECURITY

We have put in place measures to protect the security of your information including entering into a Model Clause Agreement with Copart Inc. All our third-party service providers and other entities in the group are required to take appropriate security measures to protect your personal information in line with our policies.

We do not allow our third-parties to use your personal data for their own purposes. We only permit them to process your personal data for specified purposes and in accordance with our instructions.

We have put in place appropriate security measures to prevent your personal information from being accidentally lost, used or accessed in an unauthorised way, altered or disclosed. In addition, we limit access to your personal information to those employees, agents, contractors and other third parties who have a business need to know. They will only process your personal information on our instructions and they are subject to a duty of confidentiality.

We have put in place procedures to deal with any suspected data security breach and will notify you and any applicable regulator of a suspected breach where we are legally required to do so.

DATA RETENTION

We will only retain your personal information for as long as necessary to fulfil the purposes we collected it for, including for the purposes of satisfying any legal, accounting, or reporting requirements. Details of retention periods for different aspects of your personal Information are available in our Data Protection Policy which is available on MyCopart. To determine the appropriate retention period for personal data, we consider the amount, nature, and sensitivity of the personal data, the potential risk of harm from unauthorised use or disclosure of your personal data, the purposes for which we process your personal data and whether we can achieve those purposes through other means, and the applicable legal requirements.

In some circumstances we may anonymise your personal information so that it can no longer be associated with you, in which case we may use such information without further notice to you. Once you are no longer an employee of the company we will retain and securely destroy your personal information in accordance with our Data Protection Policy.

RIGHT OF ACCESS, CORRECTION, ERASURE AND RESTRICTION

It is important that the personal information we hold about you is accurate and current. Please keep us informed if your personal information changes during your working relationship with us.

Under certain circumstances, by law you have the right to:

- Request access to your personal information (commonly known as a "data subject access request"). This enables you to receive a copy of the personal information we hold about you and to check that we are lawfully processing it.
- Request correction of the personal information that we hold about you. This enables you to have any incomplete or inaccurate information we hold about you corrected.

•Request erasure of your personal information. This enables you to ask us to delete or remove personal information where there is no good reason for us continuing to process it. You also have the right to ask us to delete or remove your personal information where you have exercised your right to object to processing (see below).

•Object to processing of your personal information where we are relying on a legitimate interest (or those of a third party) and there is something about your particular situation which makes you want to object to processing on this ground.

•Request the restriction of processing of your personal information. This enables you to ask us to suspend the processing of personal information about you, for example if you want us to establish its accuracy or the reason for processing it.

•Request the transfer of your personal information to another party.

If you want to review, verify, correct or request erasure of your personal information, object to the processing of your personal data, or request that we transfer a copy of your personal information to another party, please contact our Data Protection Officer in writing. You will not have to pay a fee to access your personal information (or to exercise any of the other rights). However, we may charge a reasonable fee if your request for access is clearly unfounded or excessive. Alternatively, we may refuse to comply with the request in such circumstances. We may need to request specific information from you to help us confirm your identity and ensure your right to access the information (or to exercise any of your other rights). This is another appropriate security measure to ensure that personal information is not disclosed to any person who has no right to receive it.

DATA PROTECTION OFFICER

We have appointed a Data Protection Officer to oversee compliance with this Data Protection Notice. If you have any questions about this Data Protection Notice or how we handle your personal information, please contact the Data Protection Officer. You have the right to make a complaint at any time to the Information Commissioner's Office, the UK supervisory authority for data protection issues.

CHANGES TO THIS NOTICE

We reserve the right to update the Data Protection Policy at any time, and this will be published internally. We will provide you with a new Data Protection Notice when we make any substantial updates. We may also notify you in other ways from time to time about the processing of your personal information.

Copart UK Employment Agreement Appendix 1

INTRODUCTION	This Appendix provides personal details in relation to the terms and conditions set out in the Employment Agreement that it is attached to.
EMPLOYEES NAME	Jane Pocock
EMPLOYEES ADDRESS	Pound Farm, Gracious Street, Selborne, Hampshire, GU34 3JG
START DATE	Monday 7th January 2019
JOB TITLE	UK Managing Director
JOB LOCATION	Copart Head Office, Acrey Fields, off Green Lane, Woburn Road, Wootton, Bedfordshire, MK43 9EJ
CONTINUOUS SERVICE DATE	Monday 7th January 2019

BASIC SALARY	£180,000 per annum
CAR ALLOWANCE	£9,000 per annum
HOLIDAY ENTITLEMENT IN THE YEAR EMPLOYMENT COMMENCES	25 days

EXHIBIT 21.1

US SUBSIDIARIES:

Name of subsidiary	State of incorporation or organization	Name(s) under which subsidiary does business
Blue Fortress Holdings, LLC	Texas	
Blue Magnum Fortress Holdings, LLC	Texas	
Copart Catastrophe Response Fleet LLC	Delaware	Copart
Copart-Dallas, Inc.	California	
Copart-Houston, Inc.	California	
Copart Investment Holdings LLC	Delaware	
Copart of Arizona, Inc.	Arizona	Copart, Copart Auto Auctions, Copart Dealer Services, 57 Storage, New Mexico Salvage Pool, Copart Direct
Copart of Arkansas, Inc.	Arkansas	Copart, Copart Auto Auctions, Copart Dealer Services, Copart Direct, Copart Salvage Auto Auctions
Copart of Connecticut, Inc.	Connecticut	Copart, Copart Auto Auctions, CrashedToys, Copart Auto Auctions No. 143, Copart Salvage Auto Auctions, 1-800-Cash-For-Junk-Cars, CashForCars.com, Copart Dealer Services, Copart Direct, Replace My Car, Crashed Toys, Motors Auction Group
Copart of Florida, Inc.	Florida	
Copart of Houston, Inc.	Texas	
Copart of Kansas, Inc.	Kansas	
Copart of Louisiana, Inc.	Louisiana	Copart, Copart Auto Auctions, Copart Dealer Services, Copart Direct, Replace My Car
Copart of Missouri, Inc.	Missouri	Copart, Copart Dealer Services, Copart Direct
Copart of Oklahoma, Inc.	Oklahoma	Copart, Copart Auto Auctions, Copart Dealer Services, Copart Direct
Copart of Tennessee, Inc.	Tennessee	Copart, Copart Auto Auctions
Copart of Texas, Inc.	Texas	Copart, Copart Dealer Services, Copart Direct
Copart of Washington, Inc.	Washington	Copart, Copart Auto Auctions, Copart Salvage Auto Auctions, Copart Dealer Services, Copart Direct, Replace My Car
CPRT Holdings LLC	Delaware	
Crashed Toys L.L.C.	Iowa	Crashed Toys, Crashedtoys.com, QCSA Auto Auction, LLC, QCSA Auto Auctions, Inc., QCSA Direct, QCSA Auto Auction LLC
Cycle Express, LLC	Delaware	Cycle Express, LLC (Delaware), National Powersport Auctions
Dallas Copart Salvage Auto Auctions Limited Partnership	Texas	Copart, CrashedToys, Copart Dealer Services, Copart Direct
Houston Copart Salvage Auto Auctions Limited Partnership	Texas	Copart, Copart Auto Auctions, 1-800-Cash-For-Junk-Cars, CashForCars.com, Copart Dealer Services, Copart Direct, Replace My Car
NPA HOLDCO, LLC	Delaware	
Purple Wave, Inc.	Delaware	
Purple Wave Shipping, LLC	Kansas	
Heavy Worth, LLC	Kansas	

NON-US SUBSIDIARIES:

Name of subsidiary	Jurisdiction of incorporation or organization	Name(s) under which subsidiary does business
Copart Autos España, S.L.U.	Spain	
Copart Suomi Oy	Finland	
Copart Bahrain Auctions WLL	Bahrain	
Copart do Brasil Organização de Leilões Ltda.	Brazil	Central de Leilões
Copart do Brasil Transportes Ltda.	Brazil	
Copart Canada Inc.	Canada	Copart, Copart Auto Auctions
Copart Claims Handling Services Limited	United Kingdom	
Copart Deutschland GmbH	Germany	
Copart Europe Limited	United Kingdom	
Copart India Private Limited	India	
Copart Montréal Inc.	Canada	Copart Auction, Berpa Auto Auction, GPS Secure Storage, Encan Copart, Encan D'Autos Berpa, GPS Entreposage Sécuritaire, Réseau Des Commerçants Automobiles Accrédités Du Québec
Copart Muscat Auctions LLC	Oman	
Copart UAE Auctions LLC	United Arab Emirates	
Copart UK Limited	United Kingdom	
Copart Vehicle Auctions Ireland Limited	Republic of Ireland	
CPRT (Europe) Limited	United Kingdom	
CPRT European Investments Limited	United Kingdom	
CPRT GmbH	Germany	
CPRT Holding Company Netherlands B.V.	Netherlands	
CPRT LLP	United Kingdom	
TRAPOC GmbH	Germany	
Trapoc Immobilien GmbH	Germany	
Trapoc Limited	United Kingdom	
TRPC Limited	United Kingdom	
Universal Salvage Limited	United Kingdom	
U-Pull-It Limited	United Kingdom	
W.O.M. Service GmbH	Germany	
WOM WreckOnlineMarket GmbH	Germany	
Copart Singapore Private Limited	Singapore	
Green Parts Specialist Holdings Limited	United Kingdom	
Green Parts Specialist (Ormskirk) Holdings Limited	United Kingdom	
Green Parts Specialist (Ormskirk) Limited	United Kingdom	
Green Parts Salvage & Recycling Limited	United Kingdom	
Green Parts Specialists (Dumfries) Limited	United Kingdom	
The Green Parts Specialists Limited	United Kingdom	
Universal Salvage Auctions Ltd	United Kingdom	

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Post-Effective Amendment No. 1 to Registration Statement (Form S-8 No. 333-148506) pertaining to the Copart 2007 Equity Incentive Plan,
(2) Registration Statement (Form S-8 No. 333-193244) pertaining to the 2007 Equity Incentive Plan, as amended and restated, the Copart, Inc. Stand Alone Stock Option Award Agreement dated December 16, 2013 between Copart, Inc. and Vincent W. Mitz and the Copart, Inc. Stand Alone Stock Option Award Agreement dated December 16, 2013 between Copart, Inc. and A. Jayson Adair,
(3) Registration Statement (Form S-8 No. 333-201316) pertaining to the Copart, Inc. 2014 Employee Stock Purchase Plan,
(4) Registration Statement (Form S-8 No. 333-223422) pertaining to the Copart, Inc. 2007 Equity Incentive Plan, as Amended and Restated, and
(5) Registration Statement (Form S-8 No. 333-253966) pertaining to the Copart, Inc. 2007 Equity Incentive Plan, as Amended and Restated;

of our reports dated September 28, 2026, with respect to the consolidated financial statements of Copart, Inc., and the effectiveness of internal control over financial reporting of Copart, Inc., included in this Annual Report (Form 10-K) of Copart, Inc. for the year ended July 31, 2026.

/s/ Ernst & Young LLP

Dallas, Texas
September 28, 2026

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jayson Adair, certify that:

(1)I have reviewed this Annual Report on Form 10-K of Copart, Inc.;

(2)Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3)Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4)The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5)The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 28, 2026

By: /s/ A. JAYSON ADAIR

A. Jayson Adair
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Leah Stearns, certify that:

(1)I have reviewed this Annual Report on Form 10-K of Copart, Inc.;

(2)Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3)Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4)The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5)The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 28, 2026

By: /s/ LEAH STEARNS
Leah Stearns
Chief Financial Officer
(Principal Financial and Accounting Officer and duly Authorized Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Copart, Inc. (the "Company") on Form 10-K for the period ending July 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: September 28, 2026

By: /s/ A. JAYSON ADAIR
A. Jayson Adair
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Copart, Inc. (the "Company") on Form 10-K for the period ending July 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: September 28, 2026

By: /s/ LEAH STEARNS

Leah Stearns
Chief Financial Officer
(Principal Financial and Accounting Officer and duly Authorized Officer)